

VT GARRAWAY INVESTMENT FUNDS ICVC

**Interim Report and Financial Statements (Unaudited)
for the 6 months ended 31 December 2016**



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COMPANY OVERVIEW

Size of Company £69,075,845

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 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 from 1 July 2016.

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 I Sterling net accumulation Shares
- Class I Sterling net income Shares
- Class F Sterling net accumulation Shares
- Class F Sterling net income Shares

Minimum Initial Investment:	Class R Sterling net accumulation Shares	£1,000
	Class R Sterling net income Shares	£1,000
	Class I Sterling net accumulation Shares	£1,000
	Class I Sterling net income Shares	£1,000
	Class F Sterling net accumulation Shares	£1,000,000
	Class F Sterling net income Shares	£1,000,000

Minimum Subsequent Investment:	Class R Sterling net accumulation Shares	£500
	Class R Sterling net income Shares	£500
	Class I Sterling net accumulation Shares	£500
	Class I Sterling net income Shares	£500
	Class F Sterling net accumulation Shares	£10,000
	Class F Sterling net income Shares	£10,000

COMPANY OVERVIEW (Continued)

Minimum Holding:	Class R Sterling net accumulation Shares	£500
	Class R Sterling net income Shares	£500
	Class I Sterling net accumulation Shares	£500
	Class I Sterling net income Shares	£500
	Class F Sterling net accumulation Shares	£500
	Class F Sterling net income Shares	£500
Minimum Partial Redemption:	Class R Sterling net accumulation Shares	£500
	Class R Sterling net income Shares	£500
	Class I Sterling net accumulation Shares	£500
	Class I Sterling net income Shares	£500
	Class F Sterling net accumulation Shares	£500
	Class F Sterling net income Shares	£500
Preliminary Charge:	Class R Sterling net accumulation Shares	Nil
	Class R Sterling net income Shares	Nil
	Class I Sterling net accumulation Shares	Nil
	Class I Sterling net income Shares	Nil
	Class F Sterling net accumulation Shares	Nil
	Class F Sterling net income Shares	Nil
Annual Management Charge:	Class R Sterling net accumulation Shares	1.75%
	Class R Sterling net income Shares	1.75%
	Class I Sterling net accumulation Shares	1.00%
	Class I Sterling net income Shares	1.00%
	Class F Sterling net accumulation Shares	0.75%
	Class F Sterling net income Shares	0.75%

Note: Class F Shares are available only to investors with a separate arrangement with the ACD or one of its Associates. The annual management charge may be waived at the discretion of the ACD.

Changes to the Company

On 1 July 2016 the ACD changed to Valu-Trac Investment Management Limited from T. Bailey Fund Services Limited, and at that date the head office changed to Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW.

On 1 July 2016 the Company name changed to VT Garraway Investment Funds ICVC from TB Garraway Investment Funds ICVC.

On 1 July 2016 the Annual Management Charge of both of the share classes of the Class I Sterling Shares reduced from 1.25% to 1.00%.

There has been no change to the Investment Adviser, Garraway Capital Management LLP. David Urch and Tim Hall have remained as portfolio managers and have been since the Fund's inception.

INVESTMENT MANAGER'S REVIEW

Performance

Cumulative returns for the period ended 31 December 2016

	1 year	2 years	3 years
Class R Shares	1.20	5.55	12.03
Class I Shares	1.81	6.72	13.85
Class F Shares	2.16	7.64	15.40
FTSE 350 Index TR*	16.85	17.66	19.05
IA UK All Companies	10.82	16.21	16.96

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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Market Commentary

The Fund rose 3.91% against a strong upward move in the index of 11.81%. Much of the positive index move took place in the third quarter following recognition that the UK's EU referendum had not materially impacted either domestic growth or broader global trends. A further move forward took place following Trump's victory in the US Presidential election in November. The re-evaluation of the outlook for global growth, reflation trends and momentum in oil and commodities went hand in hand with a steady rally in the US dollar. After a strong relative third quarter, the Fund underperformed over the final quarter of the year, as base metal stocks, financials and energy related market constituents moved ahead strongly. We were not helped over November by the sharp weakness in emerging market related stocks and precious metal holdings, the latter an otherwise area of added value until the Trump win. As bond yields rose, defensives and bond proxies such as consumer staples were also weak.

With a backdrop of increasingly positive economic data from the US, Europe and the UK, and evidence of continued successful structural change within the Chinese economy, a number of equity indices hit all time highs towards the end of the year, including the FTSE. The US quarter point rate rise was well anticipated by both equity and bond markets, and predictions for a possible three, rather than two, further rises in 2017 did not create concern. More surprising was the calm reaction to Renzi's defeat in the Italian referendum, with possible repercussions for both stable government and the fragile banking sector. After a volatile trading pattern for oil, the price became increasingly firm as the prospects for a formal agreement on output production looked more likely, and recovered sharply from the end of November onwards as real progress was made by all major producers to curb production.

The US backdrop for a decision on interest rates was one of increasingly positive economic momentum with employment, manufacturing, housing and consumer data all strong. The US producer price index rose 1.3% over the year to November, affirming inflation trends, while third quarter GDP figures were revised up to 3.5%. Following the rate increase, US 10 year bond yields moved out to 2.48%, while US mortgage rates hit a two year high. With a positive market response to the Trump presidential win, and the dollar maintaining its strength, US equity market indices hit all time highs.

Within Europe, the frailty of the banking sector and politics dominated the period, with uncertainty in these areas overshadowing generally positive Eurozone economic data, and little sign of undue impact from the UK's EU referendum result. The run up to the Italian referendum caused most concern, but the outcome, with the 'no' vote seeing the resignation of Renzi, was taken calmly, and the hard pressed bank sector rallied – having its best month in December since 2009. The vulnerability of Italian banks was seen in the 13 billion euro cash call by Uni Credit, and 5 billion by Monte Dei Paschi. In the background, the German economy shrugged off broader concerns with house building, construction, manufacturing and business confidence data all positive. There was evidence, too, that some of the stimulus measures were bearing fruit with producer prices rising for the first time in three years. Fuelling the tapering debate, the ECB announced a reduction in quantum of monthly QE purchases from 80 to 60 billion euros with Draghi calling for an increased focus by Governments on fiscal spend.

INVESTMENT MANAGER'S REVIEW (Continued)

The Chinese economic story remained intact, with broad economic data, particularly in services, pointing to some success in the reshaping of its domestic economy. The debt fuelled nature of the recovery remains a concern, and central government fired warning shots over the property rally, as it has done over commodity speculation. The further devaluation of the yuan was also a feature of the period. The re-election of the reforming Abe and Liberal Democrat party added some positive momentum to the Japanese market as did improving news on the economy with higher than expected third quarter GDP figures. While the Bank of Japan maintained its stimulus package, the focus moved to the management of the yield curve.

The UK market recovered sharply from initial worries over the result of the EU referendum. Comfort was taken from the relatively speedy resolution to the leadership contest with Theresa May gripping the role of Prime Minister with confidence. The promise by Governor Carney of stimulus 'as required', and subsequent quarter point interest rate cut, with moves to support banking liquidity, all helped in ensuring any fall out from the referendum result would be contained. As with the US, the UK enjoyed a revision upwards in its third quarter GDP figures. Data points were generally very favourable, notably in the areas of manufacturing, construction, and business confidence, acting as a helpful backdrop to both the Conservative conference and later Autumn statement. Both events put the ghosts of Cameron and Osborne finally to bed; with an emphasis on tangible fiscal spend, particularly in the area of infrastructure, at the expense of short term austerity. While employment figures look to have 'flat lined', consumer confidence, retail sales and housing related figures showed an uptick over December. Inflation reached a two year peak over November. With the FTSE moving through an all time high, any lasting impact of a fallout from Brexit appears to be contained. Sterling has remained the 'casualty' throughout this period, continuing to weaken in response to the perceived impact of Brexit, while acting as a powerful stimulus to overseas earnings and stock market returns.

Within energy and commodities, the recovery in the oil price was the main feature, touching a post July 2015 high, with Brent hitting \$56. The rally was skewed towards the final quarter, with much of the run up to the end of September preoccupied with rumour rather than fact around possible output controls. The eventual deal was well received and the IEA was supportive, noting that if the output controls remained in place and were met, current inventories would fall substantially. Meanwhile, the rig count continues to rise. Base metals were generally very strong over the period, with gold and silver the notable laggards post the Trump victory, having performed well up to that point.

After a period of significant tightening, with the UK 10 year benchmark hitting a record low of 0.5%, Government bond yields rose towards the end of the period, with UK, US and German 10 year all higher, the latter moving out of negative territory, a significant shift from earlier trends.

Fund Commentary

Positive contributions to performance came from our holding in Arm Group, receiving a bid from Softbank. Within energy, while we were underweight 'big oil', our position in Wood Group performed well. CRH continued to benefit from the infrastructure theme, reiterated by promise of fiscal spend by both Philip Hammond and Donald Trump. In broader financials, Provident Financial added value and a relatively new holding in the insurance sector, Legal & General, performed strongly. Carnival performed well on its results, while Mortgage Advice Bureau was helped by positive news flow. Remaining positions in the consumer cyclical area, such as Barratt Developments, and Howden Joinery Group, contributed to returns, while Ladbroke's tie up with Coral was well received.

Unlike much of the preceding year, the somewhat binary impact of the Trump victory on areas where we were underweight, as well as the break down of precious metals as a 'hedge' in either a deflationary or reflationary environment, left our portfolio significantly lagging the index. Within precious metals, Fresnillo, Randgold Resources, and Acacia Mining were all weak, but it was the 'not owned' or underweights that did most damage; these included Glencore, Rio Tinto, BHP Billiton, Anglo American in the base metals area, and Prudential in the insurance sector. Being underweight HSBC Holdings and Royal Dutch Shell were also the other significant negative contributors.

New holdings reflected the move to build up exposure to financials, in a higher yield, reflationary environment, with Standard Chartered, HSBC Holdings, Legal & General and Barclays added. With improved momentum behind fund flows to emerging markets, we added Ashmore Group, the emerging market specialist, and Old Mutual. Aberdeen Asset Management, also new in the period, was later sold on lacklustre figures. We also built up a position again in BP, where the sustained higher oil price significantly changes their business model. While Acacia Mining was added to our precious metals portfolio, we established positions in base metals with holdings in Anglo American and Glencore. While adding to industrials, through GKN, we built up defence exposure through BAE Systems and Ultra Electronics, where we see an improvement in the cycle. Imagination Technology Group was new, whose products are used extensively in multimedia and communication applications. Adding to our infrastructure plays, we bought W S Atkins, with its significant nuclear exposure and Forterra with its extensive block and brick franchise used both in building and major construction projects. GoCompare.com Group was spun out of Esure Group, and we later sold our allocation.

INVESTMENT MANAGER'S REVIEW (Continued)

Funding for these moves to build up base metals, energy and financials came from a number of reductions and full sales. On top of recycling cash released from the Arm Holdings bid, our continued concerns for the domestic consumer saw Howden Joinery Group, Persimmon, Dixons Carphone, ITV and Pendragon leave the portfolio. We sold International Consolidated Airlines on a profit warning during the Brexit vote, which proved poorly timed as the shares have since recovered. Consumer staples have also lost momentum following the Trump victory and we sold our holding in Imperial Brands, particularly as their earnings have plateaued. In reducing our exposure to precious metals in favour of the material and metals groups, we sold out of Randgold Resources. An underweight position in Vodafone was also sold.

Outlook

As we move through 2017, the broadly positive economic backdrop for the UK looks intact. With the recent interest rate rise in the US supported by consistent economic data, the higher bond yield environment looks likely to persist, with reflation rather than deflation, the current focus. As we noted in last month's Fact Sheet, the oil price has shifted into a higher trading range, while commodity prices look well supported by broader global economic growth. Some of the medium term pressures of a stronger US dollar on emerging market currencies have also abated, although the fragility of the euro and further expansion of the global debt burden remain a concern. Looking ahead, we have European elections to contend with, Donald Trump's contentious programme of legislation to absorb, and the beginnings of the Brexit negotiations to observe, once the implementation of Article 50 receives parliamentary approval. We continue to reflect this environment in our portfolio. The UK equity market remains technically well supported, and the Fund well invested.

Garraway Capital Management LLP
Investment Manager to the Fund

PERFORMANCE RECORD

Financial Highlights

Comparative Tables

Class I Income Shares

		Six months to 31 December		
		2016	2016	2015
Changes in net assets per unit				
	GBP		GBP	GBP
	Opening net asset value per unit	164.3655	169.4062	161.1115
	Return before operating charges	5.4521	2.3189	15.2997
	Operating charges (note 1)	(1.8970)	(2.2196)	(2.2600)
	Return after operating charges*	3.5551	0.0993	13.0397
	Distributions on income units	(2.3714)	(5.1400)	(4.7450)
	Closing net asset value per unit	165.5492	164.3655	169.4062
	*after direct transaction costs of:	0.5443	0.7200	1.3400
Performance	Return after charges	2.16%	0.06%	8.10%
Other information				
	Closing net asset value	£704,130	£678,187	£594,333
	Closing number of units	425,330	412,609	350,833
	Operating charges (note 2)	1.15%	1.33%	1.38%
	Direct transaction costs	0.30%	0.44%	0.82%
Prices				
	Highest unit price	179.80	175.53	180.33
	Lowest unit price	159.95	154.34	148.37

		Six months to 31 December		
		2016	2016	2015
Changes in net assets per unit				
	GBP		GBP	GBP
	Opening net asset value per unit	186.7976	186.6017	172.4388
	Return before operating charges	6.0336	2.6259	16.6829
	Operating charges (note 1)	(2.1704)	(2.4300)	(2.5200)
	Return after operating charges*	3.8632	0.1959	14.1629
	Closing net asset value per unit	190.6608	186.7976	186.6017
	Retained distributions	2.6915	5.7300	5.1300
	*after direct transaction costs of:	0.5851	0.8215	1.4800
Performance	Return after charges	2.07%	0.11%	8.21%
Other information				
	Closing net asset value	£1,681,595	£1,678,384	£1,545,810
	Closing number of units	881,982	898,504	828,401
	Operating charges (note 2)	1.15%	1.33%	1.38%
	Direct transaction costs	0.30%	0.44%	0.82%
Prices				
	Highest unit price	205.61	193.37	196.59
	Lowest unit price	182.92	172.41	159.80

PERFORMANCE RECORD (Continued)

Financial Highlights (continued)

		Six months to 31 December		
Class R Income Shares		2016	2016	2015
Changes in net assets per unit				
	GBP		GBP	GBP
	Opening net asset value per unit	160.6559	166.4194	158.9851
	Return before operating charges	5.9306	2.2265	15.2198
	Operating charges (note 1)	(3.0579)	(2.9500)	(3.1200)
	Return after operating charges*	2.8727	(0.7235)	12.0998
	Distributions on income units	(2.3039)	(5.0400)	(4.6655)
	Closing net asset value per unit	161.2247	160.6559	166.4194
	*after direct transaction costs of:	0.4828	0.7196	1.3400
Performance	Return after charges	1.79%	(0.43%)	7.61%
Other information				
	Closing net asset value	£51,079	£50,899	£52,725
	Closing number of units	31,682	31,682	31,681
	Operating charges (note 2)	1.90%	1.83%	1.88%
	Direct transaction costs	0.30%	0.44%	0.82%
Prices				
	Highest unit price	175.42	172.40	177.23
	Lowest unit price	155.87	151.15	146.21

		Six months to 31 December		
Class R Accumulation Shares		2016	2016	2015
Changes in net assets per unit				
	GBP		GBP	GBP
	Opening net asset value per unit	182.8471	183.5401	170.4686
	Return before operating charges	6.5798	2.5470	16.4215
	Operating charges (note 1)	(3.4851)	(3.2400)	(3.3500)
	Return after operating charges*	3.0947	(0.6930)	13.0715
	Closing net asset value per unit	185.9418	182.8471	183.5401
	Retained distributions	2.6292	5.6200	5.0500
	*after direct transaction costs of:	0.5900	0.7800	1.4500
Performance	Return after charges	1.70%	(0.38%)	7.67%
Other information				
	Closing net asset value	£1,387,073	£1,379,051	£103,245
	Closing number of units	745,972	754,210	56,252
	Operating charges (note 2)	1.89%	1.83%	1.88%
	Direct transaction costs	0.30%	0.44%	0.82%
Prices				
	Highest unit price	200.89	190.14	193.46
	Lowest unit price	178.49	169.08	157.74

PERFORMANCE RECORD (Continued)

Financial Highlights (continued)

		Six months to 31 December		
Class F Income Shares		2016	2016	2015
Changes in net assets per unit				
	GBP		GBP	GBP
	Opening net asset value per unit	168.0377	172.3186	162.9674
	Return before operating charges	5.2931	2.3591	15.6796
	Operating charges (note 1)	(1.4680)	(1.3900)	(1.5200)
	Return after operating charges*	3.8251	0.9691	14.1596
	Distributions on income units	(2.4223)	(5.2500)	(4.8084)
	Closing net asset value per unit	169.4405	168.0377	172.3186
	*after direct transaction costs of:	0.5568	0.7400	1.4000
Performance	Return after charges	2.28%	0.56%	8.69%
Other information				
	Closing net asset value	£41,903,598	£42,596,730	£32,125,884
	Closing number of units	24,730,567	25,349,513	18,643,303
	Operating charges (note 2)	0.87%	0.83%	0.88%
	Direct transaction costs	0.30%	0.44%	0.82%
Prices				
	Highest unit price	183.94	178.60	183.34
	Lowest unit price	163.70	157.48	150.32

		Six months to 31 December		
Class F Accumulation Shares		2016	2016	2015
Changes in net assets per unit				
	GBP		GBP	GBP
	Opening net asset value per unit	189.4351	188.2819	173.1064
	Return before operating charges	5.7632	2.6832	16.8355
	Operating charges (note 1)	(1.6659)	(1.5300)	(1.6600)
	Return after operating charges*	4.0973	1.1532	15.1755
	Closing net asset value per unit	193.5324	189.4351	188.2819
	Retained distributions	2.7064	5.8000	5.1600
	*after direct transaction costs of:	0.5745	0.8100	1.5200
Performance	Return after charges	2.16%	0.62%	8.76%
Other information				
	Closing net asset value	£23,378,962	£18,249,041	£4,874,704
	Closing number of units	12,080,125	9,633,386	2,859,046
	Operating charges (note 2)	0.87%	0.83%	0.88%
	Direct transaction costs	0.30%	0.44%	0.82%
Prices				
	Highest unit price	208.61	195.16	198.26
	Lowest unit price	185.63	174.51	160.66

PERFORMANCE RECORD (Continued)

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 Synthetic 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 '4' on a scale of 1-7. The Fund is in a higher category because daily historical performance data indicates that it has experienced average 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 reduced from a '5' during the period.

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

Holding		Value £	% of net assets
	BASIC RESOURCES – 6.39% (30.06.16: 4.63%)		
182,700	Acacia Mining	700,928	1.02
138,500	Anglo American	1,596,905	2.31
570,600	Centamin	798,840	1.16
476,027	Glencore	1,313,716	1.90
		<u>4,410,389</u>	<u>6.39</u>
	CONSUMER STAPLES – 0.90% (30.06.16: 5.25%)		
18,870	Unilever	622,710	0.90
		<u>622,710</u>	<u>0.90</u>
	DIVERSIFIED FINANCIALS – 2.83% (30.06.16: 2.08%)		
25,267	Provident Financial	709,118	1.03
189,615	Standard Chartered	1,247,477	1.80
		<u>1,956,595</u>	<u>2.83</u>
	ENERGY – 18.26% (30.06.16: 8.93%)		
194,097	Royal Dutch Shell	4,331,760	6.27
1,067,100	BP	5,407,529	7.83
329,800	Wood Group (John)	2,871,734	4.16
		<u>12,611,023</u>	<u>18.26</u>
	FINANCIAL SERVICES – 13.45% (30.06.16: 0.79%)		
209,401	Mortgage Advice Bureau	721,648	1.05
718,600	HSBC Holdings	4,671,978	6.76
1,297,900	Barclays	2,862,194	4.14
365,903	Ashmore Group	1,035,871	1.50
		<u>9,291,691</u>	<u>13.45</u>
	FOOD, BEVERAGE & TOBACCO – 8.47% (30.06.16: 9.46%)		
92,600	British American Tobacco	4,275,805	6.19
478,900	GKN	1,571,271	2.28
		<u>5,847,076</u>	<u>8.47</u>
	HEALTH CARE – 2.00% (30.06.16: 2.30%)		
31,408	AstraZeneca	1,384,151	2.00
		<u>1,384,151</u>	<u>2.00</u>
	INDUSTRIAL GOODS & SERVICES -12.73% (30.06.16: 11.46%)		
150,845	CRH	4,182,177	6.05
236,100	Babcock International	2,225,833	3.22
486,300	Forterra	852,849	1.24
44,400	Intereq Group	1,530,912	2.22
		<u>8,791,771</u>	<u>12.73</u>
	INSURANCE -8.01%(30.06.16: 2.26%)		
548,247	Esure Group	1,106,362	1.60
1,378,700	Legal & General	3,382,641	4.90
512,266	Old Mutual	1,044,510	1.51
		<u>5,533,513</u>	<u>8.01</u>
	MATERIALS - 1.11%(30.06.16: 2.71%)		
63,100	Fresnillo	764,772	1.11
		<u>764,772</u>	<u>1.11</u>
	MEDIA - 0.00%(30.06.16: 1.43%)	-	-
	PERSONAL & HOUSEHOLD GOODS - 1.73% (30.06.16: 3.11 %)		
259,546	Barratt Developments	1,195,209	1.73
		<u>1,195,209</u>	<u>1.73</u>
	PHARMACEUTICALS, BIOTECHNOLOGY – 6.14%(30.06.16: 7.23%)		
272,010	GlaxoSmithKline	4,235,876	6.14
		<u>4,235,876</u>	<u>6.14</u>
	REAL ESTATE – 1.28%(30.06.16: 2.81%)		
193,775	Segro	887,102	1.28
		<u>887,102</u>	<u>1.28</u>

PORTFOLIO STATEMENT (Continued)

Holding	Value £	% of net assets
RETAIL - 0.00%(30.06.16: 2.19%)	-	-
SEMICONDUCTORS – 0.00%(30.06.16: 3.90%)	-	-
TECHNOLOGIES - 1.08%(30.06.16: 0.00%)		
301,100 Imagination Technologies	747,857	1.08
	<u>747,857</u>	<u>1.08</u>
BUSINESS SUPPORT SERVICES -2.03%(30.06.16: 0.00%)		
96,800 WS Atkins	1,404,084	2.03
	<u>1,404,084</u>	<u>2.03</u>
TELECOMMUNICATION SERVICES -0.87%(30.06.16: 7.99%)		
164,074 BT Group	601,864	0.87
	<u>601,864</u>	<u>0.87</u>
TRAVEL & LEISURE -3.24%(30.06.16: 7.62%)		
38,661 Carnival	1,588,774	2.30
561,281 Coral Group	653,612	0.94
	<u>2,242,386</u>	<u>3.24</u>
UTILITIES -2.52%(30.06.16: 4.33%)		
184,148 National Grid	1,741,948	2.52
	<u>1,741,948</u>	<u>2.52</u>
AEROSPACE & DEFENCE – 3.87% (30.06.16: 0.00%)		
333,200 BAE Systems	1,958,383	2.84
36,800 Ultra Electronics	711,712	1.03
	<u>2,670,095</u>	<u>3.87</u>
OTHER – 0.00%(30.06.16:4.44%)	-	-
CONTRACTS FOR DIFFERENCE -0.07% (30.06.16: 0.07%)		
(452,283) OCADO Group	49,003	0.07
Portfolio of investments – (30.06.16: 94.99%)	66,989,115	96.98
Net other assets– (30.06.16: 5.01%)	2,117,311	3.07
Adjustment to revalue assets from Mid to Bid prices – (30.06.16: (0.10%))	(30,581)	(0.05)
	<u>69,075,845</u>	<u>100.00</u>

SUMMARY OF MATERIAL PORTFOLIO CHANGES

Total Sales for the Period	£41,282,821
Aberdeen Asset Management	673,593
ARM Holdings	3,698,284
Ashmore Group	151,247
Astrazeneca	495,346
Barratt Developments	877,488
British American Tobacco	384,323
BT Group	1,553,237
Carnival	688,161
Centamin	1,161,855
CRH	412,128
Dixons Carphone	1,689,520
Esure Group	49,207
Fresnillo	1,288,837
GlaxoSmithKline Plc	1,130,852
Go Compare	349,713
Howden Joinery Group	1,540,690
Imperial Brands	2,090,266
International Consolidated Airlines	2,123,994
ITV	1,577,717
Ishares Physical Gold	2,910,819
Ladbrokes Coral Group	936,737
National Grid	997,231
Old Mutual	552,312
Pendragon	676,783
Persimmon	834,824
Provident Financial Plc	1,201,537
Randgold Resources	1,309,946
Segro	1,376,091
Standard Chartered	1,551,845
Unilever	2,871,032
Vodafone Group	2,666,837
Vectura Group	461,286
Wood Group	999,083

The above analysis represents all of the sales of equities for the period.

Contracts for Difference	£11,486
Standard Life	11,486

SUMMARY OF MATERIAL PORTFOLIO CHANGES (Continued)

Total purchases for the period

Equities	£45,978,081
Aberdeen Asset Management	840,855
Acacia Mining	994,686
Anglo American	1,692,266
Ashmore Group	1,438,750
AstraZeneca	1,112,499
Babcock International	585,293
BAE Systems	1,975,599
Barclays	2,663,990
Barratt Developments	541,922
BP	5,114,600
British American Tobacco	971,841
Carnival	145,246
Centamin	513,961
CRH	549,640
Dixons Carphone	499,279
Esure Group	167,023
Forterra	844,624
Fresnillo	1,216,493
GKN	1,580,199
GlaxoSmithKline	964,663
Glencore	1,294,173
Howden Joinery Group	265,507
HSBC Holdings	4,615,870
Imagination Technologies	731,587
Imperial Brands	328,140
ITV	667,095
Ladbrokes Coral Group	288,382
Legal & General	2,984,981
Mortgage Advice Bureau	9,061
National Grid	409,751
Old Mutual	1,710,597
Pendragon	339,831
Provident Financial	191,682
Randgold Resources	339,957
Royal Dutch Shell	660,943
Segro	368,839
Standard Chartered	2,872,560
Ultra Electronics	746,468
Unilever	432,152
Wood Group (John)	751,935
WS Atkins	1,555,141

The above analysis represents all of the purchases of equities for the period.

Contracts for Difference	£326,113
ICAP	41,406
JPM Indian Investment Trust	173,618
Ocado	39,200
Tesco Shorts	71,889

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

The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director to prepare financial statements for each accounting period which give a true and fair view of the financial position of the Company at the end of the financial period and its net revenues and net capital gains/losses for the period. 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 judgments 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

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

David Fraser FCCA

Neil J. Smith MA BA CA

Valu-Trac Investment Management Limited
Authorised Corporate Director

Date

STATEMENT OF TOTAL RETURN

For the 6 months to 31 December 2016

	Six months to 31.12.16	Six months to 31.12.15
	£	£
Income		
Net capital gains/(losses)	424,000	(28,039)
Revenue	995,219	656,683
Expenses	(328,135)	(205,980)
Finance costs: Interest	(50)	(288)
Net revenue before taxation	667,034	450,415
Taxation	-	(12,720)
Net revenue after taxation	667,034	437,695
Total return before distributions	1,091,034	409,656
Finance costs: Distributions	(991,707)	(643,495)
Change in net assets attributable to shareholders from investment activities	99,327	(233,839)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the 6 months to 31 December 2016

	Six months to 31.12.16 £	Six months to 31.12.15 £
Opening net assets attributable to shareholders	64,632,265	39,296,701
Amounts receivable on creation of shares	9,105,507	16,180,088
Amounts payable on cancellation of shares	(5,123,884)	(299,474)
Change in net assets attributable to shareholders from investment activities	99,327	(233,839)
Retained distributions on accumulation shares	362,630	150,026
Closing net assets attributable to shareholders	69,075,845	55,093,502

The Investment Association SORP requires that comparatives are shown for the above report. As comparatives should be for the comparable interim period the net asset value at the end of the period will not agree to the net asset value at the start of the period. The Company net asset value as at 30 June 2016 was £64,632,265.

BALANCE SHEET

As at 31 December 2016

	31.12.16		30.06.16	
	£	£	£	£
FIXED ASSETS				
Investment assets		66,958,534		61,521,851
Current Assets				
Debtors	518,953		1,138,506	
Cash and bank balances	<u>2,161,570</u>		<u>4,799,941</u>	
Total other assets		<u>2,680,523</u>		<u>5,938,447</u>
Total assets		69,639,057		67,460,298
LIABILITIES				
Investment liabilities	-		(138,225)	
Creditors				
Bank Overdrafts	(10,416)		-	
Distribution payable on income shares	(488,906)		(467,469)	
Other creditors	<u>(63,890)</u>		<u>(2,222,309)</u>	
Total liabilities		<u>(563,212)</u>		<u>(2,828,033)</u>
Net assets attributable to shareholders		<u>69,075,845</u>		<u>64,632,265</u>

Accounting Policies

The accounting policies applied are consistent with those of the financial statements for the year ended 30 June 2016 and are described in those financial statements.

The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') for Authorised Funds issued by the Investment Association in May 2014.

INFORMATION FOR INVESTORS

Distribution

Distributions of the revenue of the Company will be made to shareholders on or before 31 March each year and interim allocations of revenue on or before 30 June, 30 September and 31 December.

Taxation

The Company will pay no corporation tax on its profits for the year to 30 June 2016 and capital gains within the Company will not be taxed.

Individual shareholders

Tax on distributions: Revenue distributed by an OEIC is paid net but individual shareholders resident for tax purposes in the UK should generally be entitled to a tax credit equivalent to one ninth of the amount of the net distribution. Tax vouchers are sent to shareholders with each distribution and UK resident shareholders will be taxed on the total of the distribution and tax credit shown on the voucher. The credit will meet liability to basic rate tax but if the shareholder pays tax at the higher rate there will be a further liability. If the shareholder is not liable to income tax the amount of the tax credit cannot be reclaimed from HM Revenue and Customs. For payments made from April 2016 dividend tax credits were abolished.

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 £11,100 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

Unit holders 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. Instructions may be given by email to: 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 every Tuesday and the last business day of each month.

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. 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.

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.

DISTRIBUTION TABLE

Interim Accumulation/Distribution (30 September 2016)

Group 1 - Shares purchased on or prior to 30 June 2016

Group 2 - Shares purchased after 30 June 2016

Shares	Net revenue (pence)	Equal -isation (pence)	Paid/Acc- umulated 30.11.16 (pence)	Paid/Acc- umulated 30.11.15 (pence)
Class I Net Inc GBP				
Group 1	1.1969	-	1.1969	1.1920
Group 2	0.1896	1.0073	1.1969	1.1920
Class R Net Inc GBP				
Group 1	1.1589	-	1.1589	1.1742
Group 2	1.1589	-	1.1589	1.1742
Class F Net Inc GBP				
Group 1	1.2080	-	1.2080	1.2154
Group 2	0.0545	1.1535	1.2080	1.2154
Class I Net Acc GBP				
Group 1	1.3485	-	1.3485	1.3114
Group 2	0.0733	1.2752	1.3485	1.3114
Class R Net Acc GBP				
Group 1	1.3179	-	1.3179	1.2944
Group 2	0.8344	0.4835	1.3179	1.2944
Class F Net Acc GBP				
Group 1	1.3685	-	1.3685	1.3268
Group 2	0.9147	0.4538	1.3685	1.3268

DISTRIBUTION TABLE (Continued)

Interim Accumulation/Distribution (31 December 2016)

Group 1 - Shares purchased on or prior to 30 September 2016

Group 2 - Shares purchased after 30 September 2016

Shares	Net revenue (pence)	Equal -isation (pence)	Paid/Acc- umulated 28.02.17 (pence)	Paid/Acc- umulated 28.02.16 (pence)
Class I Net Inc GBP				
Group 1	1.1745	-	1.1745	1.1410
Group 2	0.9764	0.1981	1.1745	1.1410
Class R Net Inc GBP				
Group 1	1.1451	-	1.1451	1.1189
Group 2	1.1451	-	1.1451	1.1189
Class F Net Inc GBP				
Group 1	1.2143	-	1.2143	1.1627
Group 2	0.5346	0.6797	1.2143	1.1627
Class I Net Acc GBP				
Group 1	1.3431	-	1.3431	1.2659
Group 2	0.3120	1.0311	1.3431	1.2659
Class R Net Acc GBP				
Group 1	1.3113	-	1.3113	1.2429
Group 2	0.5679	0.7434	1.3113	1.2429
Class F Net Acc GBP				
Group 1	1.3379	-	1.3379	1.2796
Group 2	0.4962	0.8417	1.3379	1.2796

CORPORATE DIRECTORY

Authorised Corporate Director Manager & Registrar from 01.07.16	<p>Valu-Trac Investment Management Limited Orton Moray IV32 7QE</p> <p>Telephone: 01343 880344 Fax: 01343 880267 E-mail: (garraway@valu-trac.com)</p> <p>Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648</p>
Previous Authorised Corporate Director Manager & Registrar to 30.06.16	<p>T. Bailey Fund Services Limited 64 St. James's Street Nottingham NG1 6FJ</p> <p>Telephone 0115 988 8200 Fax 0115 988 8222</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
Director	Valu-Trac Investment Management Limited as ACD
Investment Adviser	<p>Garraway Capital Management LLP 6th Floor Beckett House 36 Old Jewry London EC2R 8DD</p>
Depository	<p>National Westminster Bank Plc Trustee and Depositary Services Younger Building 1st Floor , 3 Redheughs Avenue Edinburgh EH12 9RH</p> <p>Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority</p>
Auditor	<p>Johnston Carmichael LLP Chartered Accountants Commerce House South Street Elgin IV30 1JE</p>