

VT MUNRO SMART-BETA FUND
(Sub-fund VT Munro Smart-Beta UK Fund)

Interim Report and Financial Statements
(unaudited)
for the six months ended 31 July 2017

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COMPANY OVERVIEW

Size of Company	£6,434,620
Launch date	22 July 2007
Company objective and policy	<p>The objective of the VT Munro Smart-Beta UK Fund (the “Sub fund”) is to maximize the overall return by seeking to replicate the performance of the Freedom Smart-Beta UK Dividend Index. (1)</p> <p>The Sub-fund will invest mainly in UK securities listed on the London Stock Exchange. The Sub-fund will be constructed on the basis of the underlying fundamental financial attributes of the companies listed on the London Stock Exchange rather on their market capitalisation. The weight of each company in the Sub-fund will be determined by the proportion that its forecast total dividend will be expected to make of the total income of all the companies held in the Sub-fund.</p> <p>The Sub-fund may also invest in other transferable securities, bonds, collective investment schemes, money market instruments, cash and deposits.</p> <p>It is the ACD’S intention that derivatives be used for hedging purposes using efficient portfolio management style techniques.</p> <p>The ACD does not intend to have an interest in any immovable property or tangible movable property.</p> <p>The Company will be managed in a manner that maintains eligibility for the stocks and shares component of a personal equity plan or individual savings account.</p>
Type of Company	<p>VT Munro Smart-Beta Fund (“the Company”) is an authorized open-ended investment company with variable capital (“ICVC”) further to a Financial Services Authority (“FSA”) (predecessor of the FCA) authorization order dated 18 July 2007. The Company is incorporated under registration number IC000551. It is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook (“COLL”) issued by the Financial Conduct Authority (“FCA”).</p> <p>The Company has been set up as an umbrella company. The Company has currently one Sub-fund available for investment, VT Munro Smart -Beta UK Fund (“the Fund”).</p> <p>The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Company consist predominantly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.</p> <p>The shareholders are not liable for the debts of the Company.</p> <p>The Instrument of Incorporation can be inspected at the office of the ACD.</p> <p>The Company has no directors other than the ACD.</p>

COMPANY OVERVIEW (Continued)

	The base currency of the Company is UK sterling.	
	Copies of the Prospectus and Key Investor Information Document are available free of charge from the ACD.	
Authorised Corporate Director (ACD)	Valu-Trac Investment Management Limited	
Annual accounting date	31 January	
Interim accounting dates	Last day of each month	
Annual income allocation date	31 March	
Interim income allocation dates	Last day of each month	
Individual Savings Account (ISA)	The Company is a qualifying investment for inclusion in an ISA.	
Minimum investment	<p>Lump sum subscription: A Class Shares = £1,000 B Class Shares = £100,000 X Class Shares = £250</p> <p>Top-up: A Class Shares = £1,000 B Class Shares = £1,000 X Class Shares = £100</p> <p>Holding: A Class Shares = £1,000 B Class Shares = £100,000 X Class Shares = £250</p> <p>Redemption: A Class Shares = Nil B Class Shares = Nil X Class Shares = Nil</p> <p>The ACD may at its discretion accept subscriptions lower than the minimum amount.</p>	
ACD charges	<p>The management charge in respect of the A Class Shares is 1.50% per annum of the Net Asset Value of the A Class Shares.</p> <p>The management charge in respect of the B Class Shares is 1.25% per annum of the Net Asset Value of the B Class Shares.</p> <p>The management charge in respect of the X Class Shares is 0.5% per annum of the Net Asset Value of the X Class Shares.</p>	
Changes to the Company	<p>On 1 February 2017 the scheme name changed from VT Smart Dividend Fund to VT Munro Smart-Beta Fund.</p> <p>On 1 February 2017 the sub-fund name changed from VT Smart Dividend UK Fund to VT Munro Smart-Beta UK Fund</p> <p>On 1 February 2017 the Company objective and policy changed to: The objective of the VT Munro Smart-Beta UK Fund (the “Sub-fund”) is to maximize the overall return by seeking to replicate the performance of the Freedom Smart-Beta UK Dividend Index.¹</p> <p>The Sub-fund will invest mainly in UK securities listed on the London Stock Exchange. The Sub-fund will be constructed on the basis of the underlying fundamental financial attributes of the companies listed on the London Stock Exchange rather on their market capitalisation. The weight of each company in the Sub-fund will be determined by the proportion that its forecast total dividend will be expected to make of the total income of all the companies held in the Sub-fund.</p>	

COMPANY OVERVIEW (Continued)

The Sub-fund may also invest in other transferable securities, bonds, collective investment schemes, money market instruments, cash and deposits.

It is the ACD's intention that derivatives be used for hedging purposes using efficient portfolio management style techniques.

The ACD does not intend to have an interest in any immovable property or tangible movable property.

The Company will be managed in a manner that maintains eligibility for the stocks and shares component of a personal equity plan or individual savings account.

(1). The Freedom Smart-Beta UK Dividend index is a Sterling based total return index, comprising approximately 300 of the largest dividend paying stocks (excluding Investment Trusts) that are quoted on the London Stock Exchange.

While the full universe is initially determined by market capitalisation, the investible universe is reweighted based on expected dividend payout. The Sub-fund aims to replicate the performance of the Freedom Smart-Beta UK Dividend index but will not necessarily be invested in all the constituents

INVESTMENT MANAGER'S REVIEW

THE VALU-TRAC MUNRO SMART-BETA UK FUND

Investment Adviser's Report For the six months ended 31 July 2017

Investment Activities

The fund was managed to follow the Freedom Smart-Beta UK Dividend Index as closely as possible, having regard for costs, during the six months under review. It is currently invested in companies which account for 99.39% of the forecast dividend income of the Index. The fund continues to follow the same process of investing in large and medium companies listed on the London Stock Exchange, excluding investment trusts, in line with each stock's contribution to the total forecasted dividend payout for the group. This process was encapsulated by the Freedom Smart-Beta UK Dividend Index which was launched on the 30th April 2014.

This process is designed to minimize trading and exploit volatility. New money is allocated to securities which are underweight relative to their position in the index. The process can therefore use market volatility to its advantage.

Redemptions to the fund of £383,544 outweighed subscriptions of £316,306 to give a net outflow of £67,238. However, the rise in valuations over this period resulted in the fund increasing in size from £6,271,334m to £6,434,620m. Throughout this period the cash position was kept low at about 1%.

Due to these redemptions, and to track the index more closely, the fund sold shares in GlaxoSmithKline, Janus Henderson, SOCO, Melrose Industries, Laird, Lonmin, Gocompare, EnQuest, De La Rue, N Brown, Rio Tinto, British American Tobacco and HSBC to the value of £242,043. Purchases made were into RBS, Shell B, BP and BHP Billiton to the value of £188,002.

Trading was therefore confined to investing new funds as per the index and accepting takeover offers and raising cash to meet redemptions. Using the UCITS method of calculating portfolio turnover, which adds purchases and sales less the sum of subscriptions and redemptions divided by average net asset value, gives an annualized figure of 7.83% for the six months. An alternative calculation which nets off sales against purchases and creations against redemptions, which is what happens in practice, gives a figure of 0.21% which the manager feels is a better representation of the low level of activity.

Corporate activity during the period was modest and Janus Henderson was sold after it left the UK index.

Investment Performance

Over the period under review the X Class Accumulation units of the fund increased in value by 5.33%. This compared to a 7.11% rise in the Freedom Smart-Beta UK Dividend Index to which it is benchmarked. The underperformance of 1.78% is partly a function of the difference between the fund being priced at midday while the index is priced at 4:30pm at the close of business. The index at midday at the start of the period was 0.68% higher than at the close while the index level at the end of the period was 0.08% lower than the midday price so about 0.60% of the variance is due to these timing differences. The remaining tracking error was due to costs of 1.19%. That means in gross terms the fund outperformed its index by 0.01%.

The current dividend yield of the fund of 4.3% is higher than all its competitors in the UK All Companies Sector, per Trustnet, and demonstrates that the fund has a bias towards value.

As a comparison the Freedom 500 Index of the largest 500 companies in the UK weighted by market capitalisation increased by 7.63% over the six months covered by this report. This suggests that the market favoured growth stocks over this period.

Investment Strategy

There was no change in the investment strategy of the fund which is now formalized as the Freedom Smart-Beta UK Dividend Index. This allocates weights to shares in proportion to their contribution to the total cash dividend forecast for this index.

The fundamental dividend tracking process captures this effect by focusing solely on forecast dividend flows and ignoring capital values. As far as we know this makes it unique.

PERFORMANCE RECORD

Financial Highlights

Class A Net Income GBP		Period to 31 July 2017	Year to 31 January 2017	Year to 31 January 2016
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	87.4672	72.7507	86.4487
	Return before operating charges	6.1376	20.1541	(8.1982)
	Operating charges (note 1)	(1.9467)	(1.6583)	(1.7805)
	Return after operating charges*	4.1909	18.4958	(9.9787)
	Distributions on income units	(2.2975)	(3.7793)	(3.7193)
	Closing net asset value per unit	89.3606	87.4672	72.7507
	*after direct transaction costs of:	0.0442	0.0320	0.1778
Performance				
	Return after charges	4.79%	25.42%	(11.54%)
Other information				
	Closing net asset value	£28,799	£28,179	£31,087
	Closing number of units	32,228	32,216	42,731
	Operating charges (note 2)	2.19%	2.07%	2.16%
	Direct transaction costs	0.05%	0.04%	0.22%
Prices				
	Highest unit price	90.95	89.53	91.08
	Lowest unit price	85.99	67.32	68.87
Class B Net Income GBP		Period to 31 July 2017	Year to 31 January 2017	Year to 31 January 2016 [^]
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	-	-	114.9541
	Return before operating charges	-	-	(16.2095)
	Operating charges (note 1)	-	-	(2.0264)
	Return after operating charges*	-	-	(18.2359)
	Distributions on income units	-	-	(4.9018)
	Final closing net asset value per unit (21.06.16) [^]	-	-	91.8164
	*after direct transaction costs of:	-	-	0.2310
Performance				
	Return after charges	-	-	(8.74%)
Other information				
	Closing net asset value (21.01.16) [^]	-	-	£6,826
	Closing number of units (21.06.16) [^]	-	-	7,434
	Operating charges (note 2)	-	-	1.96%
	Direct transaction costs	-	-	0.22%
Price				
	Highest unit price	-	-	121.20
	Lowest unit price	-	-	91.82

[^] Class B Net Income Shares were transferred to Class X Net Income shares on 22 January 2016, hence at 31 July 2017 this share class had no units and no net asset value.

PERFORMANCE RECORD (Continued)

Financial Highlights (Continued)

Class X Net Income GBP		Period to 31 July 2017	Year to 31 January 2017	Year to 31 January 2016
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	94.0328	77.6366	91.2789
	Return before operating charges	6.1010	21.2289	(8.8107)
	Operating charges (note 1)	(1.1395)	(0.9185)	(0.9184)
	Return after operating charges*	4.9615	20.3104	(9.7291)
	Distributions on income units	(2.4745)	(3.9142)	(3.9132)
	Closing net asset value per unit	96.5198	94.0328	77.6366
	*after direct transaction costs of:	0.0476	0.0343	0.1887
Performance				
	Return after charges	5.28%	26.33%	(10.66%)
Other information				
	Closing net asset value	£3,900,641	£3,862,494	£1,830,651
	Closing number of units	4,041,287	4,107,601	2,357,975
	Operating charges (note 2)	1.19%	1.07%	1.05%
	Direct transaction costs	0.05%	0.04%	0.22%
Price				
	Highest unit price	98.09	96.19	96.47
	Lowest unit price	92.65	71.85	73.47

Class A Net Accumulation GBP		Period to 31 July 2017	Year to 31 January 2017	Year to 31 January 2016
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	122.7917	97.4607	110.7589
	Return before operating charges	8.6677	27.6106	(10.9611)
	Operating charges (note 1)	(2.7652)	(2.2796)	(2.3272)
	Return after operating charges*	5.9025	25.3310	(13.2883)
	Closing net asset value per unit	128.6942	122.7917	97.4607
	Retained distributions on accumulated units	3.2577	4.8657	4.8407
	*after direct transaction costs of:	0.0629	0.0441	0.2326
Performance				
	Return after charges	4.81%	25.99%	(12.00%)
Other information				
	Closing net asset value	£182,992	£232,004	£203,681
	Closing number of units	142,191	188,941	208,966
	Operating charges (note 2)	2.19%	2.07%	2.16%
	Direct transaction costs	0.05%	0.04%	0.22%
Prices				
	Highest unit price	130.16	125.62	117.06
	Lowest unit price	122.05	90.20	92.22

PERFORMANCE RECORD (Continued)

Financial Highlights (Continued)

Class B Net Accumulation GBP	Period 31 July 2017	Year to 31 January 2017^	Year to January 2016
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	-	127.1504	144.1096
Return before operating charges	-	6.4053	(14.3205)
Operating charges (note 1)	-	(1.4649)	(2.6387)
Return after operating charges*	-	4.9404	(16.9592)
Closing net asset value per unit	-	132.0908	127.1504
Retained distributions on accumulated units	-	0.9602	6.3046
*after direct transaction costs of:	-	0.0519	0.3030
Performance			
Return after charges	-	3.89%	(11.77%)
Other information			
Closing net asset value	-	£6,880	£6,616
Closing number of units	-	5,209	5,203
Operating charges (note 2)	-	1.32%	1.88%
Direct transaction costs	-	0.04%	0.22%
Prices			
Highest unit price	-	134.91	152.42
Lowest unit price	-	117.67	120.29

^ Class B Net Accumulation Shares were transferred to Class X Net Accumulation Shares on 7 April 2016, hence at 31 July 2017 this share class had no units and no net asset value.

Class X Net Accumulation GBP	Period to 31 July 2017	Year to 31 January 2017	Year to January 2016
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	132.5497	104.4633	117.4942
Return before operating charges	8.6939	29.3564	(11.8134)
Operating charges (note 1)	(1.6256)	(1.2680)	(1.2175)
Return after operating charges*	7.0683	28.0864	(13.0309)
Closing net asset value per unit	139.6180	132.5497	104.4633
Retained distributions on accumulated units	3.5237	5.3775	5.1729
*after direct transaction costs of:	0.0680	0.0474	0.2479
Performance			
Return after charges	5.33%	26.89%	(11.09%)
Other information			
Closing net asset value	£2,322,513	£2,149,882	£3,304,074
Closing number of units	1,663,476	1,621,945	3,162,905
Operating charges (note 2)	1.19%	1.07%	1.06%
Direct transaction costs	0.05%	0.04%	0.22%
Prices			
Highest unit price	141.01	135.55	124.55
Lowest unit price	131.75	96.68	98.81

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 year.
2. The operating charges percentage is based on the expenses incurred during the year, as a proportion of the average net asset value of the fund.

Risk Profile

Based on past data, the fund is ranked a '5' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Document. The fund is in a higher category because the price of its investments has risen or fallen frequently and more dramatically than some other types of investment. The higher the rank, the greater the potential reward but the greater the risk of losing money.

PORTFOLIO STATEMENT

As at 31 July 2017 (unaudited)

Investment	Nominal value or holding	Market value £	% of total net assets
Equities 99.24% (31.01.2017:99.47%)			
Equities - Incorporated in the United Kingdom 87.61% (2017:87.57%)			
Basic Materials 8.82% (31.01.2017:9.33%)			
Anglo American	5,459	68,620	1.07
Antofagasta	1,425	13,555	0.21
BHP Billiton	18,420	254,012	3.95
Croda International	107	3,953	0.06
Elementis	874	2,611	0.04
Essentra	295	1,597	0.02
Evrax	2,177	5,208	0.08
Johnson Matthey	208	5,778	0.09
Kaz Minerals	810	5,919	0.09
Mondi	616	12,348	0.19
Rangold Resources	37	2,615	0.04
Rio Tinto	5,219	185,614	2.89
Vedanta Resources	379	2,963	0.05
Victrex	127	2,499	0.04
		<u>567,292</u>	<u>8.82</u>
Consumer Goods 6.37% (31.01.2017:6.00%)			
Barratt Developments	6,375	39,158	0.61
Bellway	152	4,820	0.07
Burberry Group	406	6,965	0.11
Carnival	2,004	102,354	1.59
Compass Group	2,642	42,364	0.66
Dunelm	230	1,367	0.02
GKN	1,690	5,438	0.08
Greene King	336	2,267	0.04
Howden Joinery Group	839	3,587	0.06
Intercontinental Hotels Group	221	9,502	0.15
ITV	9,823	16,969	0.26
Kingfisher	5,496	16,186	0.25
Ladbroke's	1,518	1,910	0.03
Marks & Spencer Group	5,276	16,997	0.26
Marstons	1,373	1,590	0.02
Millennium & Copthorne Hotels	379	1,727	0.03
Next	481	18,641	0.29
Pearson	2,280	15,042	0.23
Persimmon	1,077	26,877	0.42
Reed Elsevier	1,821	30,001	0.47
TUI Travel	2,729	32,598	0.51
WH Smith	283	4,957	0.08
Whitbread	141	5,448	0.08
William Hill	1,340	3,331	0.05
		<u>410,096</u>	<u>6.37</u>

PORTFOLIO STATEMENT (Continued)

As at 31 July 2017 (unaudited)

Investment	Nominal value or holding	Market value £	% of total net assets
Consumer Services 14.17% (31.01.2017: 14.53%)			
Associated British Foods	604	17,936	0.28
Booker	2,042	3,941	0.06
British American Tobacco	5,382	255,053	3.97
Britvic	423	3,012	0.05
Debenhams	1,885	813	0.01
Diageo	5,614	137,655	2.14
Imperial Brands	3,701	116,285	1.81
J Sainsbury	7,712	18,987	0.30
Merlin Entertainments	2,667	12,480	0.19
PZ Cussons	572	2,062	0.03
Reckitt Benckiser Group	1,325	98,234	1.53
Sky	4,463	42,945	0.67
Tate & Lyle	704	4,719	0.07
Tesco	21,112	36,830	0.57
Travis Perkins	214	3,232	0.05
UBM Plc	482	3,438	0.05
Unilever	3,174	137,545	2.14
WM Morrison Supermarkets	6,787	16,367	0.25
		<u>911,544</u>	<u>14.17</u>
Financials 24.43% (31.01.2017:23.78%)			
3i Group	1,052	9,815	0.15
Aberdeen Asset Management	3,231	10,672	0.16
Admiral Group	907	18,616	0.29
Ashmore Group	1,552	5,549	0.09
Aviva	16,673	89,492	1.39
Barclays	56,039	113,759	1.77
Beazley	897	4,577	0.07
Capital & Counties Properties	253	720	0.01
Close Brothers Group	233	3,549	0.06
Derwent London	88	2,483	0.04
Direct Line	6,908	25,781	0.40
Esure Group	1,083	3,217	0.05
Hargreaves Lansdown	550	7,505	0.12
HSBC Holdings	70,645	534,889	8.30
IG Group Holdings	449	2,828	0.04
Intermediate Capital Group	577	5,271	0.08
Investec	1,223	7,047	0.11
Jardine Lloyd	261	3,102	0.05
Jupiter Fund Management	676	3,628	0.06
Legal & General Group	29,417	78,617	1.22
Lloyds Banking Group	329,816	216,607	3.36
London Stock Exchange Group	357	13,441	0.21
Londonmetric Property	1,825	3,077	0.05
Man Strategic Holdings	7,520	12,024	0.19
Nex Group	1,031	6,890	0.11
Old Mutual	23,486	45,856	0.71
Provident Financial	377	7,853	0.12
Prudential	5,726	104,686	1.63
Royal Bank of Scotland Group	31,187	77,328	1.20
RSA Insurance Group	2,646	17,153	0.27
Schroders	255	8,824	0.14
Standard Chartered	10,758	90,738	1.41
Standard Life	5,107	22,295	0.35
St James's Place	574	6,971	0.11
TP ICAP	1,510	7,337	0.11
		<u>1,572,197</u>	<u>24.43</u>

PORTFOLIO STATEMENT (Continued)

As at 31 July 2017 (unaudited)

Investment	Nominal value or Holding	Market value £	% of total net assets
Healthcare 7.08% (31.01.2017:7.92%)			
AstraZeneca	4,322	196,392	3.05
GlaxoSmithKline	15,770	240,216	3.73
Indivior	1,325	4,977	0.08
Smith & Nephew	1,045	13,851	0.22
		<u>455,436</u>	<u>7.08</u>
Industrials 3.73% (31.01.2017:3.61%)			
Acacia Mining Plc	563	984	0.02
Aggreko	218	1,849	0.03
Ashtead Group	288	4,710	0.07
Babcock International Group	510	4,303	0.07
BAE Systems	10,709	64,547	1.01
BBA Aviation	1,557	4,680	0.07
Balfour Beatty	1,460	3,844	0.06
Berendsen	318	4,050	0.06
Bunzl	311	7,111	0.11
Capita	822	5,425	0.08
Carillion	1,341	779	0.01
Cobham	3,533	4,734	0.07
Easyjet	384	4,790	0.07
Electrocomponents	826	5,142	0.08
Firstgroup	3,315	3,820	0.06
G4S	2,772	9,026	0.14
Galliford Try	221	3,001	0.05
Go Ahead Group	142	2,542	0.04
Hays	1,875	3,141	0.05
Homeserve	655	4,750	0.07
IMI	261	3,155	0.05
Inchcape	580	4,647	0.07
Intertek Group	94	4,020	0.06
Meggitt	630	3,180	0.05
Mitie Group	798	2,127	0.03
National Express	977	3,544	0.06
Pagegroup Plc	543	2,666	0.04
Rentokil Initial	1,339	3,871	0.06
Rolls-Royce	3,119	27,993	0.44
Rotork	730	1,695	0.03
Royal Mail	2,243	8,994	0.14
Serco Group	718	798	0.01
Smith (DS)	1,500	7,242	0.11
Smiths Group	555	8,503	0.13
Spectris	101	2,492	0.04
Spirax-Sarco Engineering	81	4,530	0.07
Stagecoach	648	1,161	0.02
Vesuvius	418	2,262	0.04
Weir Group	212	3,917	0.06
		<u>240,025</u>	<u>3.73</u>

PORTFOLIO STATEMENT (Continued)

As at 31 July 2017 (unaudited)

Investment	Nominal value or Holding	Market value £	% of total net assets
Oil & Gas 10.89% (31.01.2017:10.54%)			
AMEC	1,139	5,074	0.08
BP	92,690	413,953	6.44
Hunting	274	1,304	0.02
John Wood Group	254	1,553	0.02
Royal Dutch Shell 'B'	12,889	278,112	4.32
Tullow Oil	496	846	0.01
		<u>700,842</u>	<u>10.89</u>
Real Estate 2.04% (31.01.2017:1.87%)			
Berkeley Group Holdings	575	20,042	0.31
British Land	3,380	20,643	0.32
Hammerson	1,093	6,293	0.09
Intu Properties	2,687	6,958	0.11
Land Securitites Group	1,177	12,035	0.19
Segro	2,146	11,401	0.18
Taylor Wimpey	28,702	54,146	0.84
		<u>131,518</u>	<u>2.04</u>
Technology 0.39% (31.01.2017:0.38%)			
Halma	398	4,388	0.07
Moneysupermarket.com	1,094	3,666	0.06
Renishaw	126	5,249	0.08
Sage Group	1,724	11,710	0.18
		<u>25,013</u>	<u>0.39</u>
Telecommunications 5.88% (31.01.2017:5.43%)			
BT Group	32,877	103,579	1.61
Inmarsat	904	7,117	0.11
Micro Focus International	274	6,187	0.10
TalkTalk Telecom Group	2,428	4,487	0.07
Vodafone Group	115,823	257,098	3.99
		<u>378,468</u>	<u>5.88</u>
Utilities 3.81% (31.01.2017:4.19%)			
Centrica	17,828	35,683	0.56
Drax Group	568	1,814	0.03
National Grid	11,995	112,849	1.75
Pennon Group	687	5,513	0.09
Severn Trent	515	11,492	0.18
SSE	3,651	50,329	0.78
United Utilities Group	3,047	27,271	0.42
		<u>244,951</u>	<u>3.81</u>
Total Equities - incorporated in the United Kingdom		<u><u>5,637,382</u></u>	<u><u>87.61</u></u>

PORTFOLIO STATEMENT (Continued)

As at 31 July 2017 (unaudited)

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - incorporated outwith the United Kingdom 11.63% (2017:11.90%)			
Basic Materials 3.20% (31.01.2017:3.22%)			
CRH	1,300	34,671	0.54
Fresnillo	1,131	17,265	0.27
Glencore Xstrata	43,007	145,224	2.25
New World Resources	9,160	-	-
Polymetal International	976	8,996	0.14
		206,156	3.20
Consumer Services 0.90% (31.01.2017:1.04%)			
Coca-Cola HBC	309	7,085	0.11
Informa	1,246	8,641	0.13
WPP	2,760	42,463	0.66
		58,189	0.90
Financials 0.49% (31.01.2017:0.54%)			
Hiscox	778	10,351	0.16
IWG	1,302	43	-
Lancashire Holdings	1,674	12,192	0.19
Phoenix Group Holdings	1,204	9,190	0.14
		31,776	0.49
Healthcare 0.07% (31.01.2017:0.07%)			
Shire	106	4,543	0.07
		4,543	0.07
Industrials 1.77% (31.01.2017:1.73%)			
DCC	108	7,220	0.11
Experian	1,986	29,879	0.47
International Consolidated Airlines Group	8,582	50,097	0.78
Wolseley	582	26,475	0.41
		113,671	1.77
Oil & Gas 5.13% (31.01.2017:5.23%)			
Petrofac	550	2,488	0.04
Royal Dutch Shell 'A'	15,297	327,394	5.09
		329,882	5.13
Technology 0.07% (31.01.2017:0.06%)			
Playtech	448	4,271	0.07
		4,271	0.07
Total Equities - incorporated outwith the United Kingdom		748,488	11.63
Portfolio of investments		6,385,870	99.24
Other net assets		49,074	0.76
Adjustment from mid to bid		(324)	(0.00)
Total net assets		6,434,620	100.00%

SUMMARY OF MATERIAL PORTFOLIO CHANGES

Total sales for the six months ended 31 July 2017	£ 242,043
British American Tobacco	23,124
Brown (N) Group	956
De La Rue	1,313
EnQuest	102
GlaxoSmithKline	59,978
GoCompare.com Group Plc	978
Janus Henderson	6,145
HSBC Holdings	75,148
Laird	3,035
Lonmin	170
Melrose	1,131
Rio Tinto	67,478
Soco International	2,485

Total purchases for the six months ended 31 July 2017	£ 188,002
BHP Billiton	55,260
BP	39,948
Royal Bank of Scotland Group	46,876
Royal Dutch Shell 'B'	45,918

The above transactions represent the major sales and purchases during the period

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 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.

Anne A. Laing CA

Neil J. Smith MA BA CA

Valu-Trac Investment Management Limited
Authorised Corporate Director

Date

STATEMENT OF TOTAL RETURN

For the six months ended 31 July 2017 (unaudited)

	31.07.17		31.07.16	
	£	£	£	£
Income				
Net capital gains		205,933		615,270
Revenue	165,866		149,384	
Expenses	(35,988)		(33,651)	
Interest payable and similar charges	-		-	
Net revenue before taxation	129,878		115,733	
Taxation	-		-	
Net revenue after taxation		129,878		115,733
Total return before distributions		335,811		731,003
Finance costs: distributions		(168,863)		(150,257)
Change in net assets attributable to shareholders from investment activities		<u>166,948</u>		<u>580,746</u>

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 July 2017 (unaudited)

	31.07.17	31.07.16
	£	£
Opening net assets attributable to shareholders	6,271,334	5,382,694
Amounts receivable on creation of shares	316,306	151,294
Amounts payable on cancellation of shares	(383,544)	(426,798)
Retained Accumulation Distributions	63,576	60,912
Change in net assets attributable to shareholders from investment activities (see above)	<u>166,948</u>	<u>580,746</u>
Closing net assets attributable to shareholders	<u>6,434,620</u>	<u>5,748,848</u>

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 31 January 2017 was £6,271,334.

BALANCE SHEET

As at 31 July 2017 (unaudited)

	31.07.17		31.01.17	
	£	£	£	£
FIXED ASSETS				
Investment assets		6,385,546		6,236,583
Current Assets				
Debtors	47,392		9,709	
Cash and bank balances	102,752		56,294	
Total other assets		150,144		66,003
Total assets		6,535,690		6,302,586
LIABILITIES				
Creditors				
Other creditors	(29,581)		(15,946)	
Distribution payable on income shares	(71,489)		(4,406)	
Bank overdrafts	-		(10,900)	
Total liabilities		(101,070)		(31,252)
Net assets attributable to shareholders		6,434,620		6,271,334

Accounting Policies

The accounting policies are consistent with those of the financial statements for the period ended 31 January 2017 and are those described in those financial statements.

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

DISTRIBUTION TABLES

Month 1 distributions in pence per share – distribution number 36

Group 1: Shares purchased prior to 31 January 2017

Group 2: Shares purchased 31 January 2017 to 28 February 2017

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid/ allocated
			2017	2017	2017	2016
28.04.17	group 1	A Net Income	0.7334	-	0.7334	0.0567
28.04.17	group 2	A Net Income	0.7334	-	0.7334	0.0567
28.04.17	group 1	B Net Income	-	-	-	0.0756
28.04.17	group 2	B Net Income	-	-	-	0.0756
28.04.17	group 1	X Net Income	0.7889	-	0.7889	0.0604
28.04.17	group 2	X Net Income	0.1677	0.6212	0.7889	0.0604
28.04.17	group 1	A Net Accumulation	1.0296	-	1.0296	0.0759
28.04.17	group 2	A Net Accumulation	1.0296	-	1.0296	0.0759
28.04.17	group 1	B Net Accumulation	-	-	-	0.0990
28.04.17	group 2	B Net Accumulation	-	-	-	0.0990
28.04.17	group 1	X Net Accumulation	1.1120	-	1.1120	0.0812
28.04.17	group 2	X Net Accumulation	0.9894	0.1226	1.1120	0.0812

Month 2 distributions in pence per share – distribution number 37

Group 1: Shares purchased prior to 28 February 2017

Group 2: Shares purchased 28 February 2017 to 31 March 2017

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid/ allocated
			2017	2017	2017	2016
31.05.17	group 1	A Net Income	0.2886	-	0.2886	0.0369
31.05.17	group 2	A Net Income	0.2886	-	0.2886	0.0369
31.05.17	group 1	B Net Income	-	-	-	-
31.05.17	group 2	B Net Income	-	-	-	-
31.05.17	group 1	X Net Income	0.3106	-	0.3106	0.0396
31.05.17	group 2	X Net Income	0.1932	0.1174	0.3106	0.0396
31.05.17	group 1	A Net Accumulation	0.4085	-	0.4085	0.0494
31.05.17	group 2	A Net Accumulation	0.4085	-	0.4085	0.0494
31.05.17	group 1	B Net Accumulation	-	-	-	0.0646
31.05.17	group 2	B Net Accumulation	-	-	-	0.0646
31.05.17	group 1	X Net Accumulation	0.4415	-	0.4415	0.0529
31.05.17	group 2	X Net Accumulation	0.3841	0.0574	0.4415	0.0529

DISTRIBUTION TABLES (Continued)

Month 3 distributions in pence per share – distribution number 38

Group 1: Shares purchased prior to 31 March 2017

Group 2: Shares purchased 31 March 2017 to 28 April 2017

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid/ allocated
			2017	2017	2017	2016
30.06.17	group 1	A Net Income	0.3146	-	0.3146	0.2791
30.06.17	group 2	A Net Income	0.0517	0.2629	0.3146	0.2791
30.06.17	group 1	B Net Income	-	-	-	-
30.06.17	group 2	B Net Income	-	-	-	-
30.06.17	group 1	X Net Income	0.3388	-	0.3388	0.2980
30.06.17	group 2	X Net Income	0.3370	0.0018	0.3388	0.2980
30.06.17	group 1	A Net Accumulation	0.4466	-	0.4466	0.3798
30.06.17	group 2	A Net Accumulation	0.4466	-	0.4466	0.3798
30.06.17	group 1	B Net Accumulation	-	-	-	-
30.06.17	group 2	B Net Accumulation	-	-	-	-
30.06.17	group 1	X Net Accumulation	0.4831	-	0.4831	0.4059
30.06.17	group 2	X Net Accumulation	0.1508	0.2551	0.4831	0.4059

Month 4 distributions in pence per share – distribution number 39

Group 1: Shares purchased prior to 28 April 2017

Group 2: Shares purchased 28 April 2017 to 31 May 2017

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid/ allocated
			2017	2017	2017	2016
31.07.17	group 1	A Net Income	0.5698	-	0.5698	0.5494
31.07.17	group 2	A Net Income	0.5698	-	0.5698	0.5494
31.07.17	group 1	B Net Income	-	-	-	-
31.07.17	group 2	B Net Income	-	-	-	-
31.07.17	group 1	X Net Income	0.6143	-	0.6143	0.5864
31.07.17	group 2	X Net Income	0.4384	0.0528	0.6143	0.5864
31.07.17	group 1	A Net Accumulation	0.8119	-	0.8119	0.7361
31.07.17	group 2	A Net Accumulation	0.8119	-	0.8119	0.7361
31.07.17	group 1	B Net Accumulation	-	-	-	0.9602
31.07.17	group 2	B Net Accumulation	-	-	-	0.9602
31.07.17	group 1	X Net Accumulation	0.8791	-	0.8791	0.7890
31.07.17	group 2	X Net Accumulation	0.6780	0.2011	0.8791	0.7890

DISTRIBUTION TABLES (Continued)

Month 5 distributions in pence per share – distribution number 40

Group 1: Shares purchased prior to 31 May 2017

Group 2: Shares purchased 31 May 2017 to 30 June 2017

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid/ allocated
			2017	2017	2017	2016
31.08.17	group 1	A Net Income	0.3301	-	0.3301	0.4436
31.08.17	group 2	A Net Income	0.3301	-	0.3301	0.4436
31.08.17	group 1	B Net Income	-	-	-	-
31.08.17	group 2	B Net Income	-	-	-	-
31.08.17	group 1	X Net Income	0.3561	-	0.3561	0.4736
31.08.17	group 2	X Net Income	0.2338	0.1223	0.3561	0.4736
31.08.17	group 1	A Net Accumulation	0.4733	-	0.4733	0.4436
31.08.17	group 2	A Net Accumulation	0.4733	-	0.4733	0.4436
31.08.17	group 1	B Net Accumulation	-	-	-	-
31.08.17	group 2	B Net Accumulation	-	-	-	-
31.08.17	group 1	X Net Accumulation	0.5128	-	0.5128	0.6409
31.08.17	group 2	X Net Accumulation	0.1589	0.3539	0.5128	0.6409

Month 6 distributions in pence per share – distribution number 41

Group 1: Shares purchased prior to 30 June 2017

Group 2: Shares purchased 30 June 2017 to 31 July 2017

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid/ allocated
			2017	2017	2017	2016
30.09.17	group 1	A Net Income	0.0610	-	0.0610	0.4597
30.09.17	group 2	A Net Income	0.0610	-	0.0610	0.4597
30.09.17	group 1	B Net Income	-	-	-	-
30.09.17	group 2	B Net Income	-	-	-	-
30.09.17	group 1	X Net Income	0.0658	-	0.0658	0.4912
30.09.17	group 2	X Net Income	0.0479	0.0179	0.0658	0.4912
30.09.17	group 1	A Net Accumulation	0.0878	-	0.0878	0.6264
30.09.17	group 2	A Net Accumulation	0.0878	-	0.0878	0.6264
30.09.17	group 1	B Net Accumulation	-	-	-	-
30.09.17	group 2	B Net Accumulation	-	-	-	-
30.09.17	group 1	X Net Accumulation	0.0952	-	0.0952	0.6724
30.09.17	group 2	X Net Accumulation	0.0577	0.0375	0.0952	0.6724

DISTRIBUTION TABLES (Continued)

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Information for corporate shareholders

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 100.00% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 0.00% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.

INFORMATION FOR INVESTORS

Distribution

Distributions of the revenue of the Company will be made to shareholders on or before 31 March each year (final) and interim allocations of revenue at the end of each calendar month.

Taxation

The Company will pay no corporation tax on its profits for the six months to 31 July 2017 and capital gains within the Company will not be taxed.

Individual shareholders

For payments made from 6 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 £11,300 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.

Corporate shareholders

Companies resident for tax purposes in the UK which hold shares should note that OEIC distributions are streamed into both franked and unfranked income. The unfranked income element will be treated as an annual payment which has been subject to income tax at a rate of 20% and will be liable to tax accordingly. On realisation of their shares, UK resident companies may be liable to pay corporation tax on any capital gains.

The above information on taxation is only a general summary, and shareholders should consult their own tax advisors in relation to their own circumstances. Shareholders should also note that the position as outlined may change to reflect future changes in tax legislation.

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 smartdividend@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 noon on each business day and prices of shares are calculated as at that time. Share dealing is on a forward basis, i.e. investors can buy and sell shares at the next valuation point following receipt of the order.

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.

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 together with, where appropriate, a notice of the applicant's right to cancel. 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.

CORPORATE DIRECTORY

Authorised Corporate Director & Registrar	Valu-Trac Investment Management Limited Orton Moray IV32 7QE Telephone: 01343 880344 Fax: 01343 880267 E-mail: smartdividend@valu-trac.com Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
Director	Valu-Trac Investment Management Limited as ACD
Depository	National Westminster Bank Plc Trustee and Depositary Services Younger Building 1 st Floor , 3 Redheughs Avenue Edinburgh EH12 9RH Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority
Auditors	FKF Accounting Limited 4 th Floor Metropolitan House 31-33 High Street Inverness IV1 1HT