

**VT THISTLEDOWN ICVC**  
**(Sub-Fund VT Thistledown Income Fund)**

**Annual Report and Financial Statements**  
**for the period from 04 November 2015 to 31 December 2016**

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## COMPANY OVERVIEW

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### Type of Company

VT Thistle-down Smartfund ICVC (the 'Company') is an investment company with variable capital under the Open Ended Investment Company Regulations 2001 ((SI2001/1228). The Company is an umbrella company with 1 sub-fund, which is a UCITS scheme. Shareholders are not liable for the debts of the Company.

The Company was incorporated and authorised by the Financial Conduct Authority on 13 June 2014 under registered number IC001011, and commenced trading with six sub-funds on 14 July 2014, which included Smartfund Thistle-down Income Fund ('Thistle-down') sub-fund whose assets were taken into the Company on 14 July 2014. The Thistle-down sub-fund itself had commenced trading on 3 December 2010. Other than Thistle-down the majority of the assets of the other five sub-funds, comprising Smartfund Aggressive Growth, Smartfund Balanced, Smartfund Cautious, Smartfund Defensive and Smartfund Growth were transferred out on 18 March 2016 to FundLogic Alternatives plc and these five sub-funds are currently in the process of being wound up.

### Changes to the Company

The head office of the Company changed to Level 13, Broadgate Tower, 20 Primrose Street, London, EC2A 2EW on 18 March 2016.

The scheme was renamed VT Thistle-down Smartfund ICVC on 18 March 2016 from Smartfund Advantage ICVC

The Sub-Fund of the scheme, was renamed VT Thistle-down Income Smartfund on 18 March 2016.

The Authorised Corporate Director changed from Smartfund Administration Limited to Valu-Trac Investment Management Limited on 18 March 2016.

The Depositary changed from HSBC Bank PLC to National Westminster Bank Plc on 18 March 2016.

The Valuation of the scheme was changed to 12 noon on each business day from 18 March 2016.

The Valuation of the scheme was changed to 16.30 on each business day from 30 September 2016.

The Company was renamed VT Thistle-down ICVC on 30 September 2016.

The Sub-Fund of the scheme, was renamed VT Thistle-down Income Fund on 30 September 2016.

The Auditor changed from BDO LLP to FKF Accounting Limited on 30 September 2016.

The accounting reference date was extended to 31 December 2016 on 30 September 2016.

Following the change to the accounting reference date, the income allocation and distribution dates have been amended accordingly. The income allocation was 30 September (payable 14 October) as opposed to an income allocation date of 03 November (payable 15 January). Distributions will be quarterly thereafter on the last day of each relevant quarter, payable two weeks later ( as opposed to the 3<sup>rd</sup> day as was and payable on the 15<sup>th</sup> day two and a half months later).

## STATEMENT OF THE 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 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

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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 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 the custodial assets and maintaining a record of all other assets of the Company in accordance with Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored (this requirement on the Depositary applied from 18 March 2016) and 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 are 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 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 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 January 2017

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VT THISTLEDOWN ICVC (SUB FUND VT THISTLEDOWN INCOME FUND)

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We have audited the Company's financial statements of VT ThistleDown ICVC (Sub-Funds VT ThistleDown Income Fund) ("the Company") for the period ended 31 December 2016 which comprise for each of the Sub - Funds the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Shareholders, the 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 United Kingdom and the Republic of Ireland."

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.

## **Respective responsibilities of the Authorised Corporate Director and auditors**

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in VT ThistleDown ICVC annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VT  
THISTLEDOWN ICVC (SUB FUND VT THISTLEDOWN INCOME FUND) (Continued)

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**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and each of the Sub-Funds at 31 December 2016 and of the net revenue and the net capital gains of the scheme property of the Company and each of the Sub-Funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

**Opinion on other matters prescribed by the Collective Investment Schemes sourcebook**

In our opinion:

- We have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the Fund have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

**Colin Gray B.Com C.A. (Senior Statutory Auditor)**  
**for and on behalf of FKF Accounting Limited, Statutory Auditor**  
Chartered Accountants  
Metropolitan House  
31-33 High Street  
Inverness  
IV1 1HT



# ACCOUNTING POLICIES

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For the period ended 31 December 2016

## 1. Accounting policies

### (a) Basis of Accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and FRS 102. There have been no changes to the comparatives following the adoption of this SORP. The functional currency of the Fund is sterling.

In respect of the AC share class for each sub-fund, the following aspects of the Statement of Recommended Practice relating to Authorised Funds have not been disclosed due to the Manager's view that this would require voluminous amounts of disclosures and would not assist the users of the financial statements:

- a comparative table with the information required to be disclosed in Chapter 4 of the CIS Sourcebook being:
- the net asset value of each notional unit in each AC class in issue at the beginning of the year;
- the high/low prices of each notional unit in each AC class in issue; and
- the net income distributed for each notional unit in each AC class in issue.

Instead, tables have been included which disclose this information for a single representative share within the AC share class. This is in accordance with the FCA's direction and modification of the applicable rule in Chapter 4 of the CIS Sourcebook as it applies to the VT Thistle-down ICVC.

### (b) Basis of Preparation

The Financial statements of the Aggressive Growth, Growth, Balanced, Cautious and Defensive Sub-Funds have not been prepared on a going concern basis because on 6<sup>th</sup> February 2016, Smartfund Administration Limited wrote to shareholders of these Sub-Funds giving notice of an extraordinary general meeting to approve proposals for a scheme of arrangement. If approved by shareholders, the scheme would entail the scheme property of the Sub-Funds being transferred to new Funds and this existing Sub-Funds terminating with an effective date of 17 March 2016. This change in the basis of preparation has had no effect on the report.

### (c) Basis of valuation of investments

The investments of the Sub-Funds have been valued at bid market values at 4.30pm on the last business day of the accounting period. Market value is defined by the SORP as fair value which generally is bid value of each security, excluding any accrued interest in the case of fixed and floating rate securities. Any unquoted or suspended investments are valued at the Corporate Director's discretion with reference to the fair value pricing policy and are disclosed within the notes to the financial statements of the relevant Sub-Fund.

### (d) Recognition of revenue

All income from collective investment schemes are credited to income when they are quoted ex dividend. All distributions from accumulation holdings in Collective Investment Schemes are treated as revenue. Equalisation on distributions received from Collective Investment Schemes is treated as capital. All revenue is recognised at a gross amount that includes withholding taxes but excludes any other taxes such as tax credits. Rebate income is treated as revenue and recognised on an accrual basis. Gains and losses, including exchange differences in valuation of investments held at balance sheet date, including unrealised exchange differences, are treated as capital.

### (e) Expenses

All expenses of the Sub-Funds are charged to income with exception of costs relating to the purchase and sale of investments and Stamp Duty costs, which are charged to capital.

### (f) Current Taxation

The charge for taxation is based at the current tax rate on taxable revenue for the period less allowable expenses. UK dividend income is disclosed net of any related tax credit.

### (g) Deferred Taxation

Deferred tax is provided for on timing differences expected to reverse in the period.

## ACCOUNTING POLICIES (Continued)

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**(h) Distributions**

The Sub-Funds currently only issue income units. Each Sub-Fund goes ex dividend daily and pays any income available to the shareholder on a monthly basis, three and a half months in arrears, as a dividend. Should the expenses exceed the income then no distribution shall be made to the shareholder and the shortfall will be met by the capital account of the Sub-Fund.

**(i) Allocation of income and expenses to multiple share classes**

A proportion account is held for each unit class within each Sub-Fund. In order to calculate the unit price of each unit class the Manager shall determine a proportionate interest of that class in the assets and income of the Sub-Fund as its allocated share. The Authorised Corporate Director's periodic charge is a specific expense to each unit class.

**(j) Unclaimed distributions**

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-Fund (or if that no longer exists the Fund Manager). Application to claim distributions that have not been paid should be made to the Manager before this six year period has elapsed.

## SUB-FUND OVERVIEW

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<b>Name of Sub-fund</b>	VT Thistle-down Income Fund
<b>Size of Sub-fund</b>	£12,072,877
<b>Launch date</b>	14 July 2014
<b>Investment objective and policy</b>	<p>To provide income while investing to provide some capital growth over the medium to long term.</p> <p>The Fund will seek to achieve its investment objective by investing principally in equities. The Fund may also invest in exchange traded funds ("ETFs"), fixed income securities and other collective investment schemes.</p> <p>The ACD will apply a 'value' based policy when selecting equities for the Fund's portfolio. This means that an asset will be included in the portfolio when the Investment Adviser's analysis and expertise suggests it will provide a total return over the full investment cycle or longer that is higher than the total return that could be expected from UK equity investments over the same period (i.e. between 5 and 10 year horizons). Achieving these target returns for each equity investment or for the Fund's portfolio as a whole is highly uncertain as equities are volatile assets and are expected to be the principal portfolio investment.</p> <p>The ACD will hold ETFs, fixed income securities, collective investment schemes and cash and near cash when it cannot identify enough opportunities to achieve a suitable spread of equity investments with the appropriate 'value' characteristics. The ACD will also seek to reduce investment risk by diversifying the Fund's investments across industries and countries. It will not consider the size of company or market important to its investment decision provided the ACD and the Investment Adviser believe the relevant investment will diversify risk in the portfolio. Investments in assets denominated in foreign currencies may be hedged into sterling.</p> <p>The ACD must ensure that the Fund maintains sufficient cash for the purposes of maintaining liquidity. This portion of the sub-fund's assets must be represented by cash or similarly liquid assets (which may include money market instruments, deposits or units in collective investment schemes) at all times.</p> <p>The Fund's portfolio and mix of asset classes will be rebalanced from time to time at the absolute discretion of the ACD.</p>
<b>Annual accounting date</b>	31 December
<b>Interim accounting dates</b>	30 June
<b>Annual income allocation date</b>	31 December
<b>Interim income allocation dates</b>	31 March, 30 June, 30 September
<b>Individual Savings Account (ISA)</b>	The Company is a qualifying investment for inclusion in an ISA.
<b>Minimum investment</b>	
Lump sum subscription:	Z Class Income/Accumulation = £3,000 F Class Income/Accumulation = £10,000,000 C Class Income/ Accumulation = £3,000
Top up:	Z Class Income/Accumulation= £500 (£100 for regular contributions) F Class Income/Accumulation = £1,000,000 C Class Income/Accumulation =£500 (£100 for regular contributions)
Holding:	Z Class Income/Accumulation = £3,000 F Class Income/Accumulation = £10,000,000 C Class Income/ Accumulation = £3,000

## SUB-FUND OVERVIEW (Continued)

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Redemption:	Z Class Income/Accumulation = £1,000
	F Class Income/Accumulation = £1,000,000
	C Class Income/ Accumulation = £1,000

N.B. C Class Shares are only available to registered charities and subject to their continuing to be so registered.

The ACD may at its discretion accept subscriptions lower than the minimum amount.

### **ACD charges**

The annual management charge is comprised of a fixed element which is retained by the ACD for its own account and a variable element which is paid by the ACD to the Investment Manager.

The fixed element, which is equal to £20,000 per annum, is taken from Z Class, F Class Shares and C Class Shares pro-rata to their Net Asset Value.

The variable element in respect of the Z Class Shares is equal to 1.00% per annum of the Net Asset Value of the Z Class Shares.

The variable element in respect of the F Class Shares is equal to 0.60% per annum of the Net Asset Value of the F Class Shares.

The variable element in respect of the C Class Shares is equal to 0.60% per annum of the Net Asset Value of the C Class Shares.

Initial Charge	Z Class = Nil
	F Class = 5.0%
	C Class = Nil

## INVESTMENT MANAGER'S REVIEW

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I am writing this annual report at much the same time as the first quarter of 2017 ends. I'll write in this report on the broad themes that guide the investment policy of the Fund. But, before that.

### ADMINISTRATION

The management of the fund has changed significantly since November 2015.

First, the administration of the fund has changed. Valu-trac Administration Services Ltd has taken over from Smartfund. I am very grateful to Smartfund, the previous administrators. They backed a new manager and a small fund, without them this fund could never have existed.

Second, the fund now distributes income on a quarterly basis and does so around 15 days after the end of each quarter. This distribution is quicker than previously, but not as frequent.

Third, the year end of the fund is now December 31st. This year end seems to me a more sensible date than the 3rd of November which was a legacy of the previous set up. I hope you agree.

Fourth, this report is long as it includes the residual accounts for all the other funds that were in the fund umbrella when it transferred. These are in the final process of being wound up successfully and will not feature next year.

Finally, the fund is now available on investment platforms, notably Hargreaves Lansdown, which should increase the range of potential investors.

### INVESTMENT

The fund's objective, taken from the prospectus, 'Is to provide income while investing to provide some capital growth over the medium to long term.' While this is the objective my personal scorecard is the benchmark used in the reports - the UK equity market. I hope to better this market over time and to do so with less risk.

Investors should realise that although I set out to beat the UK market, the fund does not mimic the UK market which is quite unusual. As I write the fund has over 40% held in cash or fixed interest securities, it also has substantial investments in overseas markets. This allocation would be considered reckless by most professionals and with good reason. They are concerned with the risk of deviating too far from the performance of the market; termed benchmark risk. The average portfolio, to avoid benchmark risk, will stay close to the benchmark as will its returns.

You only need look at the fund's record of the last three years to see that this is not what ThistleDown provides. Over that period, the fund rose 36% while the market rose 18%. This return is excellent but shows that the fund returns will differ significantly from the UK equity benchmark. This difference is most likely if there is a strong bull market with stretched valuations, which brings me to the subject of valuation. I have written so often that the level of the US market worries me that I imagine you are becoming bored. So instead of repeating those views, which I still hold, I thought it worth discussing valuation and its role in investment.

My job since 1989 has been to find investments that will do better than average. My approach to this simple task began on an investment course that Hambros Bank, my first employer, sent trainees on. Day one was an introduction to the Efficient Market Hypothesis (EMH). What a blow. EMH proved my chosen career was impossible. But, a failure at my previous job of selling cable television door-to-door, I decided to read around the subject and discovered Peter Lynch, Warren Buffett and finally value investing. The idea that the stock market, because of its manic-depressive nature, offered the chance to buy parts of businesses at below their value made sense. (With a small portfolio, I had had first-hand experience of the irrationality of the market in 1987) Plus, I now had the chance to investigate businesses and to examine the motivations of other investors. I have not done anything else since; I may be doing much the same job, but much has changed in the past 28 years. I'll highlight four things. Warren Buffett is virtually the patron saint of capitalism; fund management has employed increasingly sophisticated techniques to analyse risk and returns, passive investing (a huge boon to investors; see my "[Letter to a Potential Investor](#)") now dominates the investment landscape, while a digital revolution makes financial data virtually free. And yet I remain committed to value investing and still think that over the life of the fund, and I hope to manage it for a very long time, this discipline will reward you and me.

Why?

I'll start with Warren Buffett and his influence on value investors. I go to quite a few conferences for value investors. The average attendee is a value manager steeped in all that WB and Charlie Munger have ever said. They intend to implement the 'value' philosophy in their field by buying high-quality businesses, with moats, high returns on capital, excellent management and opportunities to deploy extra capital; I'll call this Buffett 2.0. These managers are usually excellent communicators and always highly educated; some may be successful. But I fear many will not as they overestimate their skill and underestimate the 'base rate' effect of investing in expensive companies. They don't believe that high starting valuations are an impediment to good returns. They will point out that if a company grows steadily at 20% then in a few years a high valuation becomes average making the investor a fortune as the growth continues.

## INVESTMENT MANAGER'S REVIEW (Continued)

For an example of this consider Hermes, the French luxury goods company. It has all the characteristics listed above – an ideal investment. In 2000, its share price was €44, and its PE ratio (the ratio of profits to share price) was 40 times. This valuation is much too expensive for a value investor like me. Today the price is €455, a tenfold increase. The company has managed to invest consistently, maintain high returns, and deliver outstanding share price performance - exactly the sort of investment that many 'value' investors dream of.

The problem with this is the academic evidence. This evidence shows that investing in highly valued companies produces below average returns on average; for every Hermes, plenty fail despite investor expectations. Conversely, cheap companies where investors lack enthusiasm, as a group, produce above average returns. This process does not work steadily and the last few years have been harsh on those investing in cheap companies. I think that this has led many 'value investors' to become Buffett 2.0 investors. If I am right, it leaves fewer Buffett 1.0 investors, reducing competition and giving me the confidence to continue looking for cheap companies.

The next development that I noted above was the increased sophistication of risk management and performance measurement. The intellectual horsepower deployed in this area is enormous, and the detail of risk reporting provided to clients is extraordinary. Thistledown, without the benefit of this resource, has managed to outperform the UK stock market nevertheless and done so with much lower risk as measured by volatility. This 'low risk' approach relies on early work in risk analysis that suggested that it is possible to reduce risk significantly with something like 20 investments. I see no reason why this work will be proved wrong and expect to continue with the diversification policies that have served the fund well for over six years.

The next topic mentioned was passive investing. I think that Jack Bogle, the father of passive investing, is the most important innovator in finance of the last 50 years. The benefit to consumers of passive investing is substantial and enduring. But, as I outlined in my "[Letter to a potential investor](#)" I believe that value investing can provide a superior return. The market, for all the influence of passive investors, is driven by the emotions of its participants. Passive investing cannot alter that which means that I expect to see Mr Market behaving in his usual manner for many years to the benefit of the fund.

Finally, I mentioned that financial data is virtually free. This free data is perhaps the biggest change to the daily life of the fund manager I have witnessed. A few thousand pounds buys access to financial data on virtually every security, bond, index, fund and company director in any financial market globally. An 'investment' library, a proud exhibit in a firm 20 years ago, is available wherever there is a computer terminal. The issue now is how to deal with the information, not how to source it. This requires a disciplined approach to data use and suits an individual or small team that knows what it is looking for. This cheap data has allowed me to make successful investments in Norway, Romania, Zimbabwe and the US, all sourced from my desk with limited input from stockbrokers or other intermediaries. Again, I see no reason to for this to change.

### PERFORMANCE AND VOLATILITY

I write about the performance of the fund in the quarterly reports. The period covered by this report is unusual, November 3<sup>rd</sup> 2015 to 31<sup>st</sup> December 2016 but the returns were usefully ahead of the market with the caveat that I noted in the most recent quarterly; 'it is too short a time to judge a fund'. Since the fund started the return has been slightly above 10% per annum after fees and ahead of the stock market. This return was achieved with under half the volatility of the market.

Many value investors scorn volatility as a measure of risk with phrases like 'Risk is permanent loss of capital'. I take a different view because I think the journey matters. Imagine two funds that return 10% per annum. In just over seven years they will both have doubled. Yet one was twice as volatile as the other; simplistically its fluctuations were twice as large as the other. Which fund would have provided the most comfortable journey? And, to stretch this a little further, might the ride be so bumpy that you ask to get off half way through? This illustration is not meant to suggest that volatility is perfect, but I think the purists ignore the emotional impact of volatility and the threat that the investor gives up half way through. And, if history is a guide, the point when most investors will give up will be just before a rebound with dramatic results for their wealth.

### TRANSACTIONS.

The report includes a list of transactions for the entire period. The quarterly reports contain commentary on individual transactions. But, there are more transactions this year than previously. The reason for this was the market reaction to the Brexit vote. I felt that the reaction in financial markets was too extreme. I commented at the time that the market appeared to have priced in a recession ahead of it happening. The valuations then were such that if a recession happened, share prices had discounted it, while if it did not then prices would recover. I invested in the companies affected and, following a recovery, have been raising cash in line with my concerns on valuation.

### CONCLUSION

I have tried to give you a better understanding of how I invest. The investors in the fund range from fund managers with years of experience to individuals with little experience of investing. I hope that for those with experience I have not written anything that surprises you and for those with a little experience you feel better informed. Thank you for allowing me to invest your money

Thistledown Investment Management Limited  
Investment Manager to the Fund

## PERFORMANCE RECORD

### Financial Highlights

Class AC		Period to 04 November to 17 March 2016	Year to 03 November 2015	Period from 14 July 2014 to 03 November 2014 <sup>^+</sup>
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	4,192.2400	4,172.1700	4,081.6400
	Return before operating charges	128.0987	136.3151	170.6140
	Operating charges (note 1)	(58.2987)	(55.2051)	(57.3640)
	Return after operating charges*	69.8000	81.1100	113.2500
	Distribution on income units	(5.1900)	(61.0400)	(22.7200)
	Closing net asset value per unit	4256.8500	4,192.2400	4,172.1700
	*after direct transaction costs of:	4.2245	4.1822	1.6508
Performance				
	Return after charges	1.66%	1.94%	2.77%
Other information				
	Closing net asset value	£1,890,763	£7,139,254	£7,203,086
	Closing number of units	39	30	28
	Operating charges (note 2)	1.38%	1.32%	1.39%
	Direct transaction costs	0.10%	0.10%	0.04%
Prices				
	Highest unit price	4,261.72	4,399.41	4,235.44
	Lowest unit price	4,023.76	4,038.00	4,007.40

<sup>^</sup>Share class launched 14 July 2014

\*Share class terminated 17 March 2016 and transferred to Class Z.

+The values for the AC shares are based on a representative unit. Unlike other share classes AC shares in the SA Smartfund Advantage ICVC (of which the Thistledown Fund was a Sub-Fund are created and priced uniquely for each share holder.)

### Class Z Net Income GBP

Class Z Net Income GBP		Period ended 31 December 2016	Year to 03 November 2015	Period from 14 July 2014 to 03 November 2014 <sup>^+</sup>
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	99.6002	100.9000	100.0000
	Return before operating charges	26.8033	0.2581	2.5514
	Operating charges (note 1)	(1.5378)	(1.5439)	(1.6474)
	Return after operating charges*	25.2655	1.2858	0.9040
	Distribution on income units	(1.5894)	(0.0140)	(0.0040)
		123.2763	99.6002	100.9000
	*after direct transaction costs of:	0.1114	0.1003	0.0402
Performance				
	Return after charges	25.37%	1.27%	0.90%
Other information				
	Closing net asset value	£5,217,713	£201,297	£203,924
	Closing number of units	4,232,536	202,105	202,105
	Operating charges (note 2)	1.38%	1.54%	1.64%
	Direct transaction costs	0.10%	0.10%	0.04%
Prices				
	Highest unit price	124.04	106.10	103.10
	Lowest unit price	100.41	95.60	96.80

<sup>^</sup>Share class launched 14 July 2014

## VT THISTLEDOWN ICVC – VT THISTLEDOWN INCOME FUND

For the period 04 November 2015 to 31 December 2016

## PERFORMANCE RECORD (Continued)

<b>Class Z Net Accumulation GBP</b>	<b>Period from 04 April 2016 to 31 December 2016</b>
Changes in net assets per unit	GBP
Opening net asset value per unit	<u>100.0000</u>
Return before operating charges	24.4619
Operating charges (note 1)	<u>(1.5382)</u>
Return after operating charges*	22.9237
	<u>122.9237</u>
Retained distributions on accumulated units	1.7132
*after direct transaction costs of:	0.1115
Performance	
Return after charges	22.92%
Other information	
Closing net asset value	£4,014,101
Closing number of units	3,265,523
Operating charges (note 2)	1.38%
Direct transaction costs	0.10%
Prices	
Highest unit price	123.39
Lowest unit price	98.77

^Share class launched 04 April 2016

<b>Class F Net Income GBP</b>	<b>Period from 19 April 2016 to 31 December 2016^</b>
Changes in net assets per unit	GBP
Opening net asset value per unit	<u>100.0000</u>
Return before operating charges	22.6945
Operating charges (note 1)	<u>(1.0772)</u>
Return after operating charges*	21.6173
Distribution on income units	<u>(1.7682)</u>
	<u>119.8491</u>
*after direct transaction costs of:	0.1099
Performance	
Return after charges	21.62%
Other information	
Closing net asset value	£2,911,926
Closing number of units	2,429,660
Operating charges (note 2)	0.98%
Direct transaction costs	0.10%
Prices	
Highest unit price	120.70
Lowest unit price	98.68

^Share class launched 19 April 2016



## 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 Profile**

Based on past data, the fund is ranked a '4' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Fund is ranked 4 because simulated monthly historical performance data indicates that it has experienced moderate rises and falls in market prices historically.

## PORTFOLIO STATEMENT

As at 31 December 2016

Holding	Investment	Value £	% of net assets
<b>Cash Funds 0.00% (03 November 2015:11.22%)</b>			
<b>Europe excluding UK 8.37% (03 November 2015:4.67%)</b>			
70,236	Distribuidora Internacional De Alimentacion	279,093	2.31
33,807	Fondul P (REGS)	260,780	2.16
22,971	Svenska Handelsbanken	260,790	2.16
1,561	Total Gabon S.A.	209,487	1.74
		1,010,150	8.37
<b>Global Emerging Markets 7.31% (03 November 2015:4.85%)</b>			
158,178	Caledonia Mining Corp	131,288	1.09
7,408	iShares Emerging Markets Local Government Bond UCITS ETF	372,622	3.09
17,595	SPDR S&P Emerging Markets Dividends ETF	378,318	3.13
		882,228	7.31
<b>Asia ex Japan Equity 2.16% (03 November 2015:3.42%)</b>			
431	Samsung Electronics	261,260	2.16
<b>Japan 8.33% (03 November 2015:9.33%)</b>			
95,229	CF Morant Wright Nippon Yield	1,005,957	8.33
<b>North America 6.51% (03 November 2015:12.72%)</b>			
8,155	AT&T	281,707	2.33
20,334	HP Inc	247,094	2.05
19,893	Kulicke and Soffa Industries	257,040	2.13
		785,841	6.51
<b>UK Equity 30.97% (03 November: 2015:27.79%)</b>			
113,039	Alumasc Group	174,645	1.45
91,672	Ashmore Group Plc	259,478	2.15
52,534	Aviva	255,289	2.11
127,130	Brown (N) Group Ord	282,610	2.34
55,147	BP	281,002	2.33
107,917	Carillion Plc	254,522	2.11
21,618	Hargreaves Services Plc	59,098	0.49
670,000	Lloyds Banking Group Plc	418,717	3.47
9,564	Persimmon	169,809	1.41
800,308	Phaunos Timber Fund	264,112	2.19
211,540	Punch Taverns	401,926	3.33
17,731	Scottish and Southern Energy	275,628	2.28
72,667	SCS Group	124,624	1.03
58,564	TP Icap Plc	252,499	2.09
132,498	Vodafone Group Plc	264,764	2.19
		3,738,723	30.97

PORTFOLIO STATEMENT (Continued)

	<b>UK Gilts 15.72% (03 November 2015:19.36%)</b>		
7,720	iShares FTSE UK Gilts 0-5 years	1,035,985	8.58
16,703	SPDR Barclays 1-5 Year Gilt UCITS ETF	862,042	7.14
		<u>1,898,027</u>	<u>15.72</u>
	<b>Corporate Bonds 4.98% (03 November 2015:0.00%)</b>		
7,400	iShares \$ Ultrashort Bond UCITS ETF	600,843	4.98
	<b>Investment assets 84.35% (03 November 2015:93.36%)</b>	<b>10,183,029</b>	<b>84.35</b>
	<b>Net other assets 16.24% (03 November 2015:6.64%)</b>	<b>1,960,711</b>	<b>16.24</b>
	<b>Adjustment to revalue assets from Mid to Bid prices (0.59%) (03 November 2015:0.00%)</b>	<b>(70,863)</b>	<b>(0.59)</b>
		<u>12,072,877</u>	<u>100.00</u>

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

---

	£
<b>Total purchases for the period ended 31 December 2016</b>	<b>8,785,063</b>
Alumasc Group	103,820
Ashmore Group Plc	236,742
AT&T	130,127
Aviva	123,163
Bonmarche Holdings	99,620
BP	204,816
Brown (N) Group Ord	251,294
Caledonia Mining Corp	85,568
Canaccord Nominees	56,718
Carillion Plc	264,827
CF Morant Wright Nippon Yield	860,000
Distribuidora Internacional De Alimentacion	251,457
Fondul P (REGS)	288,408
Forterra	109,729
Hargreaves Services Plc	48,091
HP Inc	344,819
iShares FTSE UK Gilts 0-5 years	430,262
iShares Emerging Markets Local Government Bond UCITS ETF	371,518
iShares \$ Ultrashort Bond UCITS ETF	572,878
Kulicke and Soffa Industries	151,963
Lloyds Banking Group Plc	371,002
LXB Retail	198,597
Microsoft	42,858
Norcros	109,244
Persimmon	149,658
Phaunos Timber Fund	111,441
Punch Taverns	193,762
Royal Bank of Scotland Group Plc	101,242
Samsung Electronics	77,249
SCS Group	109,590
SPDR Barclays 1-5 Year Gilt UCITS ETF	992,619
SPDR S&P Emerging Markets Dividends ETF	118,458
Sports Direct International Plc	50,215
Scottish and Southern Energy	187,932
Sweett Group	134,905
Svenska Handelsbanken AB	118,823
Total Gabon S.A.	220,429
Tullett Prebon Plc	222,022
Wireless Group Plc	139,689
Vodafone Group Plc	149,508

## SUMMARY OF MATERIAL PORTFOLIO CHANGES (Continued)

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	£
<b>Total sales for the period ended 31 December 2016</b>	<b>7,757,175</b>
Aberforth Smaller Companies	185,744
Ashmore Group Plc	226,649
AT&T	216,936
Aviva	99,910
Bonmarche Holdings	81,150
BP	213,189
Caledonia Mining Corp	278,264
CF Morant Wright Nippon Yield	865,682
Fondul P (REGS)	79,387
Forterra	154,458
HP Inc	519,612
iShares FTSE UK Gilts 0-5 years	785,167
Kulicke and Soffa Industries	255,595
Legal and General	824,869
LXB Retail	166,872
Microsoft	294,805
Norcros	122,847
Phaunos Timber Fund	172,023
Punch Taverns	188,924
Royal Bank of Scotland Group Plc	89,359
Samsung Electronics	240,591
SPDR Barclays 1-5 Year Gilt UCITS ETF	134,743
Sports Direct International Plc	46,167
Scottish and Southern Energy	168,827
Sweett Group	164,100
Svenska Handelsbanken AB	194,871
Total Gabon S.A.	170,508
Tullett Prebon Plc	50,236
Wireless Group Plc	633,060
Vodafone Group Plc	132,630

The above transactions represent all of the sales and purchases during the period.

## STATEMENT OF TOTAL RETURN

For the period ended 31 December 2016

	Note	£	31.12.16 £	03.11.15 £
Income				
Net capital gains/(losses)	2		2,232,021	(90,448)
Revenue	3	305,597		194,633
Expenses	4	(139,690)		(77,437)
Interest payable and similar charges		(237)		-
Net revenue/expense before taxation		<u>165,670</u>		<u>117,196</u>
Taxation	5	<u>(8,993)</u>		<u>(11,328)</u>
Net revenue/expense after taxation			<u>156,677</u>	<u>105,868</u>
Total return before distributions			2,388,698	15,420
Finance costs: distributions	6		<u>(183,653)</u>	<u>(106,612)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>			<u><u>2,205,045</u></u>	<u><u>(91,192)</u></u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 December 2016

	31.12.16 £	03.11.15 £
<b>Opening net assets attributable to shareholders</b>	7,340,551	7,407,010
Amounts receivable on creation of shares	2,511,355	323,413
Amounts payable on cancellation of shares	(25,296)	(298,680)
Dilution Levy	5,980	-
Dividend reinvested	35,242	-
Change in net assets attributable to shareholders from investment activities (see above)	<u>2,205,045</u>	<u>(91,192)</u>
<b>Closing net assets attributable to shareholders</b>	<u><u>12,072,877</u></u>	<u><u>7,340,551</u></u>

## BALANCE SHEET

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As at 31 December 2016

		31.12.16		03.11.15	
	Note	£	£	£	£
<b>ASSETS</b>					
Investment assets			10,112,166		6,853,437
<b>Current Assets</b>					
Debtors	7	19,362		9,940	
Cash and bank balances	8	<u>1,983,641</u>		<u>524,276</u>	
<b>Total other assets</b>			<u>2,003,003</u>		<u>534,216</u>
<b>Total assets</b>			12,115,169		7,387,653
<b>LIABILITIES</b>					
<b>Creditors</b>					
Distribution payable		(22,300)		(11,380)	
Bank overdrafts	8	-		(10,434)	
Creditors	9	<u>(19,992)</u>		<u>(25,288)</u>	
<b>Total liabilities</b>			<u>(42,292)</u>		<u>(47,102)</u>
<b>Net assets attributable to shareholders</b>			<u><u>12,072,877</u></u>		<u><u>7,340,551</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the period ended 31 December 2016

#### 1 Accounting policies

The Fund's Financial Statements have been prepared in accordance with the policies noted on page 6.

<b>2 Net capital gains/(losses)</b>	<b>31.12.16</b>	<b>03.11.15</b>
The net capital gains/(losses) comprise:	£	£
Non-derivative securities gain/(losses)	2,242,684	(90,448)
Transaction charges	(1,899)	-
Currency (losses)	(8,764)	-
Total net capital gains/(losses)	<u>2,232,021</u>	<u>(90,448)</u>
<b>3 Revenue</b>	<b>31.12.16</b>	<b>03.11.15</b>
	£	£
UK franked dividends	214,444	113,447
Unfranked income	15,547	-
Overseas non-taxable revenue	36,153	10,224
Overseas taxable revenue	39,453	70,871
Interest	-	91
Total revenue	<u>305,597</u>	<u>194,633</u>
<b>4 Expenses</b>	<b>31.12.16</b>	<b>03.11.15</b>
	£	£
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:</b>		
ACD fee	100,930	58,642
<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>		
Depositary fee	15,678	-
Safe custody fee	4,660	-
	<u>20,338</u>	<u>-</u>
<b>Other expenses</b>		
Audit fee	2,494	3,714
FCA fee	6	-
Other expenses	15,922	15,081
	<u>18,422</u>	<u>18,795</u>
Total expenses	<u>139,690</u>	<u>77,437</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>5. Taxation</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
<b>(a) Analysis of charge in the year</b>		
Irrecoverable income tax	8,993	11,328
Total tax charge for the year (note 5b)	<u>8,993</u>	<u>11,328</u>
<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%). The differences are explained below:		
Net revenue before taxation	<u>156,677</u>	<u>117,196</u>
Corporation tax at 20%	31,335	23,439
<u>Effects of:</u>		
Revenue not subject to taxation	(58,010)	(22,689)
Irrecoverable income tax	8,993	11,328
Income from Capital for distributions	-	(149)
Movement in excess management expenses	26,675	(601)
Total tax charge for year (note 5a)	<u>8,993</u>	<u>11,328</u>
<b>(c) Provision for deferred taxation</b>		
At 31 December 2016 there is a potential deferred tax asset of £32,977 (03 November 2015: £6,302) 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. Finance costs</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
Interim distributions	152,591	106,612
Final dividend distribution	<u>31,398</u>	<u>-</u>
	183,989	106,612
Add: Revenue deducted on cancellation of shares	14	-
Deduct: Revenue received on issue of shares	<u>(350)</u>	<u>-</u>
	183,653	106,612
Interest payable and similar charges	237	-
<b>Total finance costs</b>	<u>183,890</u>	<u>106,612</u>
<b>Reconciliation of distributions</b>		
Net revenue after taxation	156,677	105,868
Allocations to Capital:		
Expenses paid by capital	26,976	744
<b>Net distribution for the year</b>	<u>183,653</u>	<u>106,612</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>7 Debtors</b>		<b>31.12.16</b>	<b>03.11.15</b>
		£	£
Accrued revenue		19,356	9,934
Income tax recoverable		<u>6</u>	<u>6</u>
Total debtors		<u>19,362</u>	<u>9,940</u>
<b>8 Cash and bank balances</b>		<b>31.12.16</b>	<b>03.11.15</b>
		£	£
Cash and bank balances		<u>1,983,641</u>	<u>524,276</u>
Bank overdraft		<u>-</u>	<u>10,434</u>
<b>9 Creditors</b>		<b>31.12.16</b>	<b>03.11.15</b>
		£	£
Other accrued expenses		19,992	25,288
Total creditors		<u>19,992</u>	<u>25,288</u>
<b>10. Units held</b>			
<b>AC Class</b>			
<b>Opening units at 04.11.15</b>	<b>30</b>		
Units issued during the year	-		
Units cancelled during the year	-		
Units converted during the year	(30)		
<b>Closing units at 31.12.16</b>	<b>-</b>		
<b>Class Z Net Income GBP</b>			
<b>Opening units at 04.11.15</b>	<b>202,105</b>		
Units issued during the year	9,637,281		
Units cancelled during the year	(5,606,850)		
Units converted during the year	-		
<b>Closing units at 31.12.16</b>	<b>4,232,536</b>		

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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### **Class Z Net Accumulation GBP**

<b>Opening units at 04.11.15</b>	-
Units issued during the year	3,280,661
Units cancelled during the year	(15,138)
Units converted during the year	-
<b>Closing units at 31.12.16</b>	<b>3,265,523</b>

### **Class F Net Income GBP**

<b>Opening units at 04.11.15</b>	-
Units issued during the year	2,429,660
Units cancelled during the year	-
Units converted during the year	-
<b>Closing units at 31.12.16</b>	<b>2,429,660</b>

### **11. Financial instruments**

In pursuing its investment objective as stated on page 8, the Company holds a number of financial instruments. The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Company's financial instruments, those of its underlying holdings and the ACD's policies for managing these risks are summarised below. These policies have been applied throughout the year.

#### **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.

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.

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 31.12.16 would have increased/decreased by £101,122 (2015 – £685,344).

#### **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.

The Company's investment portfolio is invested in funds that are registered overseas and collective investment schemes which invest in overseas securities, and the balance sheet can be affected by movements in foreign exchange rates. Revenue received in other currencies is converted to sterling on or near the date of receipt.

A portion of the net assets of the Company is denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by currency movements.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

Net currency monetary assets and liabilities consist of:

	Monetary assets and liabilities		Non-monetary assets and liabilities		Total net assets	
	£		£		£	
	31.12.16	03.11.15	31.12.16	03.11.15	31.12.16	03.11.15
Sterling	1,955,749	487,114	7,673,745	4,941,932	9,629,494	5,429,046
US Dollars	4,962	-	1,689,051	1,568,822	1,694,013	1,568,822
Swedish Krona	-	-	260,790	243,943	260,790	243,943
Euro	-	-	488,580	98,740	488,580	98,740
<b>Total</b>	<b>1,960,711</b>	<b>487,114</b>	<b>10,112,166</b>	<b>6,853,437</b>	<b>12,072,877</b>	<b>7,340,551</b>

### 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.

The Company does invest in fixed rate securities and so interest rate risk exposure is restricted to these and interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

### Maturity of financial liabilities

The financial liabilities of the company as at 31 December 2016 are payable either within one year or on demand.

### Liquidity risk

The Company's assets comprise mainly of readily realisable securities. The main liability of the Company is the redemption of any shares that the investors wish to sell. Assets of the Company may need to be sold if insufficient cash is available to finance such redemptions.

### Credit risk

Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Company has fulfilled its responsibilities.

The Company only buys and sells investments through brokers which have been approved by the ACD as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

### 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	Assets (£'000)	Liabilities (£'000)
A Quoted prices for identical instruments in active markets	10,112	-
<b>Total</b>	<b>10,112</b>	<b>-</b>

## 12. Contingent assets and liabilities

At 31 December 2016, the fund had no contingent liabilities or commitments (03 November 2015 £nil).

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 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 31 December 2016. Since that date, the Fund's quoted mid price has moved as follows for each share class:

Share class	Price (GBP) at 31 December 2016	Price (GBP) at 24 April 2017
Class Z Net Income	123.2763	127.7864
Class Z Net Accumulation	122.9237	127.6351
Class F Net Income	119.8491	124.2667

### 14. Portfolio transaction costs

Analysis of total purchase costs	31.12.16		03.11.15	
	£	£	£	£
Purchases in the year before transaction costs		8,775,298		2,800,125
Commissions	3,268	0.04%	4,170	0.15%
Taxes	6,482	0.07%	-	0.00%
Levy	15	0.00%	-	0.00%
Total purchase costs	9,765	0.11%	4,170	0.15%
Total purchases including transaction costs		<u>8,785,063</u>		<u>2,795,955</u>
<b>Analysis of total sale costs</b>				
Sales in year before transaction costs		7,757,759		2,104,263
Commissions	(571)	0.01%	(3,133)	0.15%
Taxes	(8)	0.00%	-	0.00%
Levy	(5)	0.00%	-	0.00%
Total sale costs	(584)	0.01%	(3,133)	0.15%
Total sales net of transaction costs		<u>7,757,175</u>		<u>2,101,130</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:

	2016 £	% of average net asset value	2015 £	% of average net asset value
Commission	3,839	0.03%	7,303	0.10%
Taxes	6,490	0.05%	-	0.00%
Levy	20	0.00%	-	0.00%
	<u>10,349</u>	<u>0.08%</u>	<u>7,303</u>	<u>0.10%</u>

## DISTRIBUTION TABLES

### Interim distributions in pence per share

Group 1: Shares purchased prior to 15 May 2016

Group 2: Shares purchased 16 February 2016 to 15 May 2016.

Payment date	Unit type	Share class	Net revenue 2016	Equalisation 2016	Distribution paid / allocated 2016
15.07.16	group 1	Z Net Income	0.1644	-	0.1644
15.07.16	group 2	Z Net Income	0.1379	0.0265	0.1644
15.07.16	group 1	F Net Income	0.1596	-	0.1596
15.07.16	group 2	F Net Income	0.1596	-	0.1596
15.07.16	group 1	Z Net Accumulation	0.2517	-	0.2517
15.07.16	group 2	Z Net Accumulation	0.1569	0.0948	0.2517

### Interim distributions in pence per share

Group 1: Shares purchased prior to 15 August 2016

Group 2: Shares purchased 16 May 2016 to 15 August 2016.

Payment date	Unit type	Share class	Net revenue 2016	Equalisation 2016	Distribution paid / allocated 2016
14.10.16	group 1	Z Net Income	1.0201	-	1.0201
14.10.16	group 2	Z Net Income	0.3425	0.6776	1.0201
14.10.16	group 1	F Net Income	1.0960	-	1.0960
14.10.16	group 2	F Net Income	1.0960	-	1.0960
14.10.16	group 1	Z Net Accumulation	1.0034	-	1.0034
14.10.16	group 2	Z Net Accumulation	0.0475	0.9559	1.0034

### Interim distributions in pence per share

Group 1: Shares purchased prior to 30 September 2016

Group 2: Shares purchased 16 August 2016 to 30 September 2016.

Payment date	Unit type	Share class	Net revenue 2016	Equalisation 2016	Distribution paid / allocated 2016
14.10.16	group 1	Z Net Income	0.1097	-	0.1097
14.10.16	group 2	Z Net Income	0.1097	-	0.1097
14.10.16	group 1	F Net Income	0.1634	-	0.1634
14.10.16	group 2	F Net Income	0.1634	-	0.1634
14.10.16	group 1	Z Net Accumulation	0.1090	-	0.1090
14.10.16	group 2	Z Net Accumulation	0.1090	-	0.1090

### Final distributions in pence per share

Group 1: Shares purchased prior to 01 October 2016

Group 2: Shares purchased 01 October 2016 to 30 December 2016.

Payment date	Unit type	Share class	Net revenue 2016	Equalisation 2016	Distribution paid / allocated 2016
13.01.17	group 1	Z Net Income	0.2952	-	0.2952
13.01.17	group 2	Z Net Income	0.2432	0.0520	0.2952
13.01.17	group 1	F Net Income	0.4036	-	0.4036
13.01.17	group 2	F Net Income	0.4036	-	0.4036
13.01.17	group 1	Z Net Accumulation	0.2947	-	0.2947
13.01.17	group 2	Z Net Accumulation	0.2431	-	0.2947

## DISTRIBUTION TABLES (Continued)

### AC Share Class distributions for the period 04 November 2015 to 17 March 2016

Payment date	Share class	Net revenue 2016	Equalisation 2016	Distribution paid / allocated 2016
15.01.16	AC Class	2.2100	-	2.2100
15.02.16	AC Class	2.2700	-	2.2700
15.03.16	AC Class	0.7100	-	0.7100

### Net Distributions for the period 04 November 2015 to 03 November 2016

Payment date	Share class	Distribution paid / allocated 2015
15.02.15	Z Net Income	0.0020
15.02.15	AC Class	7.0300
		-
15.03.15	Z Net Income	0.0020
15.03.15	AC Class	-
		-
15.04.15	Z Net Income	-
15.04.15	AC Class	1.2400
		-
15.05.15	Z Net Income	0.0020
15.05.15	AC Class	9.1100
		-
15.06.15	Z Net Income	0.0020
15.06.15	AC Class	6.2300
		-
15.07.15	Z Net Income	0.0010
15.07.15	AC Class	5.9300
		-
15.08.15	Z Net Income	0.0020
15.08.15	AC Class	6.5300
		-
15.09.15	Z Net Income	0.0030
15.09.15	AC Class	13.5400
		-
15.10.15	Z Net Income	0.0010
15.10.15	AC Class	4.9700
		-
15.11.15	Z Net Income	-
15.11.15	AC Class	0.6500
		-
15.12.15	Z Net Income	-
15.12.15	AC Class	0.7400
		-
15.01.16	Z Net Income	0.0010
15.01.16	AC Class	5.0700
		-
15.02.16	Z Net Income	-
15.02.16	AC Class	-

### 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

## INVESTMENT MANAGER'S REVIEW

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The Sub-Fund was transferred out on 18 March 2016 to FundLogic Alternatives Plc and is currently in the process of being wound up.



## PERFORMANCE RECORD

### Financial Highlights

<b>Class AC</b>	<b>Period from 04 November 2015 to 17 March 2016</b>	<b>Year to 03 November 2015</b>	<b>Period from 14 July 2014 to 03 November 2014<sup>^+</sup></b>
Changes in net assets per unit	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
Opening net asset value per unit	5,844.5700	5,448.7700	5,375.0000
Return before operating charges	(137.0100)	444.4800	92.0700
Operating charges (note 1)	(17.4400)	(48.6800)	(18.3000)
Return after operating charges*	(154.4500)	395.8000	73.7700
Distribution on income units	(4.8200)	-	-
Closing net asset value per unit	5,685.3000	5,844.5700	5,448.7700
*after direct transaction costs of:	2.7500	8.4600	3.3000
Performance			
Return after charges	(2.64%)	7.26%	1.37%
Other information			
Closing net asset value	£1,890,763	£1,892,500	£2,227,066
Closing number of units	39	44	51
Operating charges (note 2)	1.97%	1.87%	1.92%
Direct transaction costs	0.05%	0.15%	0.06%
Prices			
Highest unit price	6,015.82	6,319.38	5,604.33
Lowest unit price	5,353.57	5,351.62	5,192.53
<sup>^</sup> Share class launched 14 July 2014 <sup>*</sup> Sub-Fund terminated on 17 March 2016 and transferred <sup>+</sup> The values for the AC shares are based on a representative unit. Unlike other share classes AC shares in Aggressive Growth are created and priced uniquely for each share holder.			

<b>Class Z Net Income GBP</b>	<b>Period from 04 November 2015 to 17 March 2016<sup>+</sup></b>	<b>Year to 03 November 2015</b>	<b>Period from 14 July 2014 to 03 November 2014<sup>^+</sup></b>
Changes in net assets per unit	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
Opening net asset value per unit	107.9000	101.7000	100.0000
Return before operating charges	(1.7990)	9.3000	2.9000
Operating charges (note 1)	(1.1000)	(3.1000)	(1.2000)
Return after operating charges*	(2.8990)	6.2000	1.7000
Distribution on income units	(0.0010)	-	-
	105.0000	107.9000	101.7000
*after direct transaction costs of:	0.0020	0.0060	0.0020
Performance			
Return after charges	(2.69%)	6.10%	1.70%
Other information			
Closing net asset value	£3,150	£3,237	£3,051
Closing number of units	3,000	3,000	3,000
Operating charges (note 2)	1.83%	1.71%	1.78%
Direct transaction costs	0.05%	0.15%	0.06%
Prices			
Highest unit price	111.10	116.80	103.80
Lowest unit price	98.90	98.80	96.20

<sup>^</sup>Share class launched 14 July 2014  
<sup>+</sup>Sub-Fund terminated on 17 March 2016

## PERFORMANCE RECORD (Continued)

Class I Guard GBP	Period from 04 November 2015 to 17 March 2016+	Year to 03 November 2015	Period from 14 July 2014 to 03 November 2014 <sup>^+</sup>
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	106.5000	100.7000	100.0000
Return before operating charges	(1.9990)	7.9000	1.4000
Operating charges (note 1)	(0.8000)	(2.1000)	(0.7000)
Return after operating charges*	(2.7990)	5.8000	0.7000
Distribution on income units	(0.0010)	-	-
	<u>103.7000</u>	<u>106.5000</u>	<u>100.7000</u>
	*after direct transaction costs of:	-	0.0020
		0.0020	0.0010
Performance			
Return after charges	(2.63%)	5.76%	0.70%
Other information			
Closing net asset value	£1,209,421	£1,251,268	£121,939
Closing number of units	1,166,269	1,174,899	121,092
Operating charges (note 2)	2.99%	2.87%	2.93%
Direct transaction costs	0.05%	0.15%	0.06%
Prices			
Highest unit price	109.50	115.70	103.00
Lowest unit price	97.60	97.90	95.30

<sup>^</sup>Share class launched 14 July 2014

<sup>+</sup>Sub-Fund terminated on 17 March 2016

- 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 Profile

Based on past data, the fund is ranked a '6' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Fund is ranked 6 because medium to high levels of volatility are anticipated over a five-year period. The risk category is based on simulated historical data and may not be a reliable indication of the future risk profile of the Fund.

## PORTFOLIO STATEMENT

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In advance of the termination of the Sub-Fund on 17<sup>th</sup> March 2016 all investment assets were sold.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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In advance of the termination of the Sub-Fund on 17<sup>th</sup> March 2016 all investment assets were sold

## STATEMENT OF TOTAL RETURN

For the period ended 31 December 2016

		04.11.15 to £ 31.12.16	04.11.14 to £ 03.11.15
Income			
Net capital gains	2	5,074	151,202
Revenue	3	23,575	32,639
Expenses	4	(21,123)	(56,238)
Net revenue/expense before taxation		<u>2,245</u>	<u>(23,599)</u>
Taxation	5	<u>-</u>	<u>-</u>
Net revenue/expense after taxation		<u>2,245</u>	<u>(23,599)</u>
Total return before distributions		7,526	127,603
Finance costs: distributions	6	<u>(2,428)</u>	<u>-</u>
<b>Change in net assets attributable to shareholders from investment activities</b>		<u><u>5,098</u></u>	<u><u>127,603</u></u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 December 2016

	04.11.15 to £ 31.12.16	04.11.14 to £ 03.11.15
<b>Opening net assets attributable to shareholders</b>	3,147,005	2,352,056
Amounts receivable on creation of shares	245,669	1,302,208
Amounts payable on cancellation of shares	(294,414)	(634,862)
Transfer Out	(3,103,358)	-
Change in net assets attributable to shareholders from investment activities (see above)	<u>5,098</u>	<u>127,603</u>
<b>Closing net assets attributable to shareholders</b>	<u><u>-</u></u>	<u><u>3,147,005</u></u>

## BALANCE SHEET

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As at 31 December 2016

	31.12.16		03.11.15	
	£	£	£	£
<b>ASSETS</b>				
Investment assets		-		3,202,602
<b>Current Assets</b>				
Debtors	7	-	11,579	
Cash and bank balances	8	-	65,717	
<b>Total other assets</b>		-		77,296
		-		
<b>Total assets</b>				3,279,898
<b>LIABILITIES</b>				
<b>Creditors</b>				
Distribution payable on income shares		-		
Bank overdrafts	8	-	(71,778)	
Creditors	9	-	(61,115)	
<b>Total liabilities</b>		-		(132,893)
		-		
<b>Net assets attributable to shareholders</b>		-		3,147,005

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2016.

### 1. Accounting policies

The Fund's Financial Statements have been prepared in accordance with the policies noted on page 6.

	<b>04.11.15 to 31.12.16</b>	<b>04.11.14 to 03.11.15</b>
	£	£
<b>2 Net capital gains</b>		
The net capital gains comprise:		
Non-derivative securities gains	5,074	151,202
Total net capital gains	<u>5,074</u>	<u>151,202</u>
	<b>04.11.15 to 31.12.16</b>	<b>04.11.14 to 03.11.15</b>
	£	£
<b>3 Revenue</b>		
UK franked dividends	8,017	15,059
UK Unfranked Interest Distributions	-	275
Overseas non-taxable revenue	11,111	16,011
Rebates received	-	1,254
Interest	39	40
Adjustments to historic income on finalization of recoverable tax estimates*	4,408	-
Total revenue	<u>23,575</u>	<u>32,639</u>
*Representing the net impact arising from the finalization of tax estimates carried in the 2010-2014 accounts after settlement of the final tax computations for those years by HMRC in March 2016.		
	<b>04.11.15 to 31.12.16</b>	<b>04.11.15 to 03.11.15</b>
	£	£
<b>4 Expenses</b>		
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:</b>		
ACD fee	16,438	44,288
<b>Other expenses</b>		
Audit fee	1,147	1,606
Other expenses	3,538	10,344
	<u>4,685</u>	<u>11,950</u>
Total expenses	<u>21,123</u>	<u>56,238</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	04.11.15 to 31.12.16 £	04.11.14 to 03.11.15 £
<b>5. Taxation</b>		
<b>(a) Analysis of charge in the year</b>		
Irrecoverable income tax	-	-
	<u>-</u>	<u>-</u>
Total tax charge for the year (note 5b)	<u>-</u>	<u>-</u>
<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%). The differences are explained below:		
Net revenue/(expenses) before taxation	2,245	(23,599)
Corporation tax at 20%	449	(4,720)
<u>Effects of:</u>		
Revenue not subject to taxation	(3,826)	(3,012)
Income from Capital for distributions	-	(4,720)
Movement in excess management expenses	3,377	12,452
	<u>-</u>	<u>-</u>
Total tax charge for year (note 5a)	<u>-</u>	<u>-</u>
<b>(c) Provision for deferred taxation</b>		
At 31 December 2016 there is a potential deferred tax asset of £21,139 (03 November 2015: £17,762) 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. Finance costs</b>	<b>04.11.15 to 31.12.16 £</b>	<b>04.11.14 to 03.11.15 £</b>
Interim distribution	2,428	-
Final dividend distribution	-	-
	<u>2,428</u>	<u>-</u>
Add: Revenue deducted on cancellation of shares	-	-
Deduct: Revenue received on issue of shares	-	-
	<u>2,428</u>	<u>-</u>
Interest payable and similar charges	-	-
<b>Total finance costs</b>	<u>2,428</u>	<u>-</u>
<b>Reconciliation of distributions</b>		
Net revenue after taxation	7,526	(23,599)
Allocations to Capital:		
Excess revenue to capital	(5,098)	23,599
<b>Net distribution for the year</b>	<u>2,428</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>7 Debtors</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
Amounts receivable for issue of shares	-	916
Accrued revenue	-	8,230
Income tax recoverable	-	2,433
	<u>-</u>	<u>11,579</u>
<b>Total debtors</b>	<b><u>-</u></b>	<b><u>11,579</u></b>
<b>8 Cash and bank balances</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	<u>-</u>	<u>65,717</u>
Bank overdraft	<u>-</u>	<u>71,778</u>
	<u>-</u>	<u>71,778</u>
<b>9 Creditors</b>	<b>31.12.16</b>	<b>03.11.15</b>
		<b>£</b>
Other accrued expenses	-	61,115
	<u>-</u>	<u>61,115</u>
<b>Total creditors</b>	<b><u>-</u></b>	<b><u>61,115</u></b>

## DISTRIBUTION TABLES

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### Distributions in pence per share

Share class	Distribution paid / allocated 2016	Distribution paid / allocated 2015
AC Class	4.8200	-
I Guard	0.0010	-
Z Net Income	0.0010	-

## INVESTMENT MANAGER'S REVIEW

---

The Sub-Fund was transferred out on 18 March 2016 to FundLogic Alternatives Plc and is currently in the process of being wound up.

## PERFORMANCE RECORD

### Financial Highlights

Class AC	Period from 04 November 2015 to 17 March 2016	Year to 03 November 2015	Period from 14 July 2014 to 03 November 2014 <sup>^+</sup>
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	5,366.4100	5,178.8700	5,092.0000
Return before operating charges	(65.1400)	236.3500	105.3200
Operating charges (note 1)	(17.9000)	(48.8100)	(18.4500)
Return after operating charges*	(83.0400)	187.5400	86.8700
Distribution on income units	(11.1500)	-	-
Closing net asset value per unit	5,272.2200	5,366.4100	5,178.8700
*after direct transaction costs of:	1.0600	4.2000	2.0000
Performance			
Return after charges	(1.55%)	3.62%	1.71%
Other information			
Closing net asset value	£3,838,335	£4,294,714	£4,709,163
Closing number of units	46	40	54
Operating charges (note 2)	1.85%	1.96%	2.01%
Direct transaction costs	0.02%	0.08%	0.06%
Prices			
Highest unit price	5,474.02	5,611.19	5,229.92
Lowest unit price	5,012.96	5,142.82	5,008.25

<sup>^</sup>Share class launched 14 July 2014

\*Sub-Fund terminated on 17 March 2016 and transferred

+The values for the AC shares are based on a representative unit. Unlike other share classes AC shares in Growth are created and priced uniquely for each share holder.

Class Z Net Income GBP	Period from 04 November 2015 to 17 March 2016 <sup>+</sup>	Year to 03 November 2015	Period from 14 July 2014 to 03 November 2014 <sup>^+</sup>
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	104.8000	101.1000	100.0000
Return before operating charges	(0.7980)	6.5000	2.2000
Operating charges (note 1)	(1.0000)	(2.8000)	(1.1000)
Return after operating charges*	(1.7980)	3.7000	1.1000
Distribution on income units	(0.0020)	-	-
	103.0000	104.8000	101.1000
*after direct transaction costs of:	0.0010	0.003	0.0010
Performance			
Return after charges	(1.72%)	3.66%	1.10%
Other information			
Closing net asset value	£3,090	£3,144	£3,033
Closing number of units	3,000	3,000	3,000
Operating charges (note 2)	1.67%	1.74%	1.81%
Direct transaction costs	0.02%	0.08%	0.06%
Prices			
Highest unit price	106.90	109.50	102.20
Lowest unit price	97.90	100.50	97.80

<sup>^</sup>Share class launched 14 July 2014

+Sub-Fund terminated on 17 March 2016

## PERFORMANCE RECORD (Continued)

Class I Guard GBP	Period from 04 November 2015 to 17 March 2016+	Year to 03 November 2015	Period from 14 July 2014 to 03 November 2014 <sup>^+</sup>
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	103.2000	100.2000	100.0000
Return before operating charges	(1.0980)	5.0000	0.9000
Operating charges (note 1)	(0.7000)	(2.0000)	(0.7000)
Return after operating charges*	(1.7980)	3.0000	0.2000
Distribution on income units	(0.0020)	-	-
	<u>101.4000</u>	<u>103.2000</u>	<u>100.2000</u>
	*after direct transaction costs of:	-	0.0010
		-	-
Performance			
Return after charges	(1.74%)	2.99%	0.20%
Other information			
Closing net asset value	£5,389,531	£5,235,821	£1,045,777
Closing number of units	5,315,119	5,073,470	1,043,690
Operating charges (note 2)	2.80%	2.88%	2.98%
Direct transaction costs	0.02%	0.28%	0.04%
Prices			
Highest unit price	105.10	108.00	101.40
Lowest unit price	96.40	99.30	97.10

<sup>^</sup>Share class launched 14 July 2014

+Sub-Fund terminated on 17 March 2016

- 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 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 Information Document. The Fund is ranked 5 because medium to high levels of volatility are anticipated over a five-year period. The risk category is based on simulated historical data and may not be a reliable indication of the future risk profile of the Fund.

## PORTFOLIO STATEMENT

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In advance of the termination of the Sub-Fund on 17<sup>th</sup> March 2016 all investment assets were sold.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

---

In advance of the termination of the Sub-Fund on 17<sup>th</sup> March 2016 all investment assets were sold

## STATEMENT OF TOTAL RETURN

For the period ended 31 December 2016

		04.11.15 to £ 31.12.16	04.11.14 to £ 03.11.15
Income			
Net capital gains	2	(118,642)	189,545
Revenue	3	83,797	128,414
Expenses	4	(62,866)	(140,808)
Net revenue/expense before taxation		<u>20,921</u>	<u>(12,394)</u>
Taxation	5	<u>-</u>	<u>-</u>
Net revenue/expense after taxation		<u>20,921</u>	<u>(12,394)</u>
Total return before distributions		(97,721)	177,151
Finance costs: distributions	6	<u>(19,778)</u>	<u>-</u>
<b>Change in net assets attributable to shareholders from investment activities</b>		<u><u>(117,499)</u></u>	<u><u>177,151</u></u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 December 2016

	04.11.15 to £ 31.12.16	04.11.14 to £ 03.11.15
<b>Opening net assets attributable to shareholders</b>	9,533,679	5,757,973
Amounts receivable on creation of shares	479,599	6,343,907
Amounts payable on cancellation of shares	(663,680)	(2,745,352)
Transfer Out	(9,232,099)	-
Change in net assets attributable to shareholders from investment activities (see above)	<u>(117,499)</u>	<u>177,151</u>
<b>Closing net assets attributable to shareholders</b>	<u><u>-</u></u>	<u><u>9,533,679</u></u>



## BALANCE SHEET

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As at 31 December 2016

	31.12.16		03.11.15	
	£	£	£	£
<b>ASSETS</b>				
Investment assets		-		9,134,774
<b>Current Assets</b>				
Debtors	7	-	79,853	
Cash and bank balances	8	-	457,133	
<b>Total other assets</b>		-		536,986
		-		
<b>Total assets</b>				9,671,760
<b>LIABILITIES</b>				
<b>Creditors</b>				
Distribution payable on income shares		-	-	
Bank overdrafts	8	-	(84,305)	
Creditors	9	-	(53,776)	
<b>Total liabilities</b>		-		(138,081)
		-		
<b>Net assets attributable to shareholders</b>		-		9,533,679

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2016.

### 1. Accounting policies

The Fund's Financial Statements have been prepared in accordance with the policies noted on page 6.

	<b>04.11.15</b>	<b>04.11.14</b>
	<b>to</b>	<b>to</b>
	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
<b>2 Net capital gains</b>		
The net capital gains comprise:		
Non-derivative securities gains	(118,642)	189,545
Total net capital gains	<u>(118,642)</u>	<u>189,545</u>
	<b>04.11.15</b>	<b>04.11.14</b>
	<b>to</b>	<b>to</b>
<b>3 Revenue</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
UK franked dividends	22,002	24,371
UK Unfranked Interest Distributions	32,172	72,361
Overseas non-taxable revenue	16,029	28,285
Rebates received	187	3,274
Interest	123	123
Adjustments to historic income on finalization of recoverable tax estimates*	13,274	-
Total revenue	<u>83,787</u>	<u>128,414</u>
*Representing the net impact arising from the finalization of tax estimates carried in the 2010-2014 accounts after settlement of the final tax computations for those years by HMRC in March 2016.		
	<b>04.11.15</b>	<b>04.11.15</b>
	<b>to</b>	<b>to</b>
<b>4 Expenses</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:</b>		
ACD fee	51,516	116,204
<b>Other expenses</b>		
Audit fee	3,485	4,082
Other expenses	7,865	20,522
	<u>11,350</u>	<u>24,604</u>
Total expenses	<u>62,866</u>	<u>140,808</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	04.11.15 to 31.12.16 £	004.11.14 to 03.11.15 £
<b>5. Taxation</b>		
<b>(a) Analysis of charge in the year</b>		
Irrecoverable income tax	-	-
	<hr/>	<hr/>
Total tax charge for the year (note 5b)	<u>-</u>	<u>-</u>
<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%). The differences are explained below:		
Net revenue/(expenses) before taxation	20,921	(12,394)
Corporation tax at 20%	4,184	(2,479)
<u>Effects of:</u>		
Revenue not subject to taxation	(7,606)	(4,874)
Income from Capital for distributions	-	(2,479)
Movement in excess management expenses	3,422	9,832
	<hr/>	<hr/>
Total tax charge for year (note 5a)	<u>-</u>	<u>-</u>
<b>(c) Provision for deferred taxation</b>		
At 31 December 2016 there is a potential deferred tax asset of £19,922 (03 November 2015:£16,500) 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. Finance costs</b>	04.11.15 to 31.12.16 £	04.11.14 to 03.11.15 £
Interim distribution	19,778	-
Final dividend distribution	-	-
	<hr/>	<hr/>
	19,778	-
Add: Revenue deducted on cancellation of shares	-	-
Deduct: Revenue received on issue of shares	-	-
	<hr/>	<hr/>
	19,778	-
Interest payable and similar charges	-	-
	<hr/>	<hr/>
<b>Total finance costs</b>	<u>19,778</u>	<u>-</u>
<b>Reconciliation of distributions</b>		
Net revenue/expense after taxation	20,921	(12,394)
Allocations to Capital:		
Expenses paid by capital	(1,143)	12,394
	<hr/>	<hr/>
<b>Net distribution for the year</b>	<u>19,778</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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<b>7 Debtors</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
Accrued revenue	-	29,943
Income tax recoverable	-	49,910
Total debtors	<u>-</u>	<u>79,853</u>
<b>8 Cash and bank balances</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	<u>-</u>	<u>457,133</u>
Bank overdraft	<u>-</u>	<u>84,305</u>
<b>9 Creditors</b>	<b>31.12.16</b>	<b>03.11.15</b>
		<b>£</b>
Amounts payable to the ACD	-	53,272
Other accrued expenses	-	504
Total creditors	<u>-</u>	<u>53,776</u>

## DISTRIBUTION TABLES

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### Distributions in pence per share

Share class	Distribution paid / allocated 2016	Distribution paid / allocated 2015
AC Class	11.1500	-
I Guard	0.0020	-
Z Net Income	0.0020	-

## INVESTMENT MANAGER'S REVIEW

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The Sub-Fund was transferred out on 18 March 2016 to FundLogic Alternatives Plc and is currently in the process of being wound up.

## PERFORMANCE RECORD

### Financial Highlights

<b>Class AC</b>	<b>Period from 04 November 2015 to 17 March 2016</b>	<b>Year to 03 November 2015</b>	<b>Period from 14 July 2014 to 03 November 2014<sup>^+</sup></b>
Changes in net assets per unit	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
Opening net asset value per unit	5,020.4500	4,857.1000	4,786.4600
Return before operating charges	(43.4400)	212.8000	89.3400
Operating charges (note 1)	(16.3800)	(48.4400)	(18.7000)
Return after operating charges*	(59.8200)	164.3600	70.6400
Distribution on income units	(7.6600)	(1.0100)	-
Closing net asset value per unit	4,952.9700	5,020.4500	4,857.1000
*after direct transaction costs of:	0.3900	1.4800	1.0200
Performance			
Return after charges	(1.19%)	3.38%	1.48%
Other information			
Closing net asset value	£7,855,728	£8,619,881	£9,214,184
Closing number of units	140	144	164
Operating charges (note 2)	1.95%	2.02%	2.11%
Direct transaction costs	0.01%	0.03%	0.02%
Prices			
Highest unit price	5,104.53	5,201.72	4,896.50
Lowest unit price	4,745.84	4,844.95	4,730.87

<sup>^</sup>Share class launched 14 July 2014

\*Sub-Fund terminated on 17 March 2016 and transferred

+The values for the AC shares are based on a representative unit. Unlike other share classes AC shares in Growth are created and priced uniquely for each share holder.

<b>Class Z Net Income GBP</b>	<b>Period from 04 November 2015 to 17 March 2016<sup>+</sup></b>	<b>Year to 03 November 2015</b>	<b>Period from 14 July 2014 to 03 November 2014<sup>^+</sup></b>
Changes in net assets per unit	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
Opening net asset value per unit	104.3000	100.9000	100.0000
Return before operating charges	(0.4980)	6.0000	2.2000
Operating charges (note 1)	(0.9000)	(2.6000)	(1.1000)
Return after operating charges*	(1.3980)	3.4000	0.9000
Distribution on income units	(0.0020)	-	-
	102.9000	104.3000	100.9000
*after direct transaction costs of:	-	0.0010	-
Performance			
Return after charges	(1.34%)	3.37%	0.90%
Other information			
Closing net asset value	£3,087	£3,129	£3,027
Closing number of units	3,000	3,000	3,000
Operating charges (note 2)	1.78%	1.75%	1.82%
Direct transaction costs	0.01%	0.03%	0.02%
Prices			
Highest unit price	106.10	108.10	101.80
Lowest unit price	98.60	100.70	98.30

<sup>^</sup>Share class launched 14 July 2014

<sup>+</sup>Sub-Fund terminated on 17 March 2016

## PERFORMANCE RECORD

<b>Class I Guard GBP</b>	<b>Period from 04 November 2015 to 17 March 2016+</b>	<b>Year to 03 November 2015</b>	<b>Period from 14 July 2014 to 03 November 2014<sup>^+</sup></b>
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	102.8000	100.0000	100.0000
Return before operating charges	(0.6980)	4.7000	0.7000
Operating charges (note 1)	(0.7000)	(1.9000)	(0.7000)
Return after operating charges*	(1.2000)	2.8000	0.2000
Distribution on income units	(0.0020)	-	-
	<u>101.4000</u>	<u>102.8000</u>	<u>100.0000</u>
	*after direct transaction costs of:	-	-
Performance			
Return after charges	(1.17%)	2.80%	0.00%
Other information			
Closing net asset value	£13,887,249	£13,173,712	£2,826,740
Closing number of units	13,695,512	12,814,895	2,826,740
Operating charges (note 2)	2.91%	2.88%	3.01%
Direct transaction costs	0.01%	0.03%	0.02%
Prices			
Highest unit price	104.40	106.40	101.10
Lowest unit price	97.10	99.20	97.70

<sup>^</sup>Share class launched 14 July 2014

+Sub-Fund terminated on 17 March 2016

- 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 Profile

Based on past data, the fund is ranked a '4' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Fund is ranked 4 because medium levels of volatility are anticipated over a five-year period. The risk category is based on simulated historical data and may not be a reliable indication of the future risk profile of the Fund.



## PORTFOLIO STATEMENT

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In advance of the termination of the Sub-Fund on 17<sup>th</sup> March 2016 all investment assets were sold.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

---

In advance of the termination of the Sub-Fund on 17<sup>th</sup> March 2016 all investment assets were sold

## STATEMENT OF TOTAL RETURN

For the period ended 31 December 2016

		04.11.15 to 31.12.16	04.11.14 to 03.11.15
		£	£
Income			
Net capital gains	2	(232,663)	390,733
Revenue	3	185,543	320,242
Expenses	4	(149,242)	(344,451)
Net revenue/expense before taxation		<u>36,301</u>	<u>(24,209)</u>
Taxation	5	<u>-</u>	<u>-</u>
Net revenue/expense after taxation		<u>36,301</u>	<u>(24,209)</u>
Total return before distributions		(196,362)	366,524
Finance costs: distributions	6	<u>(33,971)</u>	<u>(4,296)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>		<u><u>(230,333)</u></u>	<u><u>362,228</u></u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 December 2016

	04.11.15 to 31.12.16	04.11.14 to 03.11.15
	£	£
<b>Opening net assets attributable to shareholders</b>	21,796,722	12,043,951
Amounts receivable on creation of shares	2,246,802	12,950,414
Amounts payable on cancellation of shares	(2,064,799)	(3,559,871)
Transfer Out	(21,748,392)	-
Change in net assets attributable to shareholders from investment activities (see above)	<u>(230,333)</u>	<u>362,228</u>
<b>Closing net assets attributable to shareholders</b>	<u><u>-</u></u>	<u><u>21,796,722</u></u>

## BALANCE SHEET

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As at 31 December 2016

	31.12.16		03.11.15	
	£	£	£	£
<b>ASSETS</b>				
Investment assets		-		20,903,996
<b>Current Assets</b>				
Debtors	7	-	362,328	
Cash and bank balances	8	-	830,555	
<b>Total other assets</b>		-		1,192,883
		-		
<b>Total assets</b>				22,096,879
<b>LIABILITIES</b>				
<b>Creditors</b>				
Distribution payable on income shares		-	(4,296)	
Bank overdrafts	8	-	(169,355)	
Creditors	9	-	(126,506)	
<b>Total liabilities</b>		-		(300,157)
		-		
<b>Net assets attributable to shareholders</b>		-		21,796,722

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the period ended 31 December 2016.

### 1. Accounting policies

The Fund's Financial Statements have been prepared in accordance with the policies noted on page 6.

	<b>04.11.15</b>	<b>04.11.14</b>
	<b>to</b>	<b>to</b>
<b>2 Net capital gains</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
The net capital (losses)/gains comprise:		
Non-derivative securities (losses)/gains	(232,663)	390,733
Total net capital gains	<u>(232,663)</u>	<u>390,733</u>
	<b>04.11.15</b>	<b>04.11.14</b>
	<b>to</b>	<b>to</b>
<b>3 Revenue</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
UK franked dividends	41,706	50,931
UK Unfranked Interest Distributions	69,334	193,599
Overseas non-taxable revenue	35,726	67,702
Rebates received	174	7,732
Interest	278	278
Adjustments to historic income on finalization of recoverable tax estimates*	38,325	-
Total revenue	<u>185,543</u>	<u>320,242</u>
*Representing the net impact arising from the finalization of tax estimates carried in the 2010-2014 accounts after settlement of the final tax computations for those years by HMRC in March 2016.		
	<b>04.11.15</b>	<b>04.11.15</b>
	<b>to</b>	<b>to</b>
<b>4 Expenses</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:</b>		
ACD fee	125,640	294,075
<b>Other expenses</b>		
Audit fee	8,152	9,653
Other expenses	15,449	40,723
	<u>23,601</u>	<u>50,376</u>
Total expenses	<u>149,241</u>	<u>344,451</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>7 Debtors</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
Accrued revenue	-	75,038
Amounts receivable for the issue of shares	-	159,814
Income tax recoverable	-	127,476
	<u>          </u>	<u>          </u>
Total debtors	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>
<b>8 Cash and bank balances</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	<u>          </u>	<u>          </u>
Bank overdraft	<u>          </u>	<u>          </u>
<b>9 Creditors</b>	<b>31.12.16</b>	<b>03.11.15</b>
		<b>£</b>
Amounts payable to the ACD	-	58,862
Other accrued expenses	-	67,644
	<u>          </u>	<u>          </u>
Total creditors	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>

## DISTRIBUTION TABLES

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### Distributions in pence per share

Share class	Distribution paid / allocated 2016	Distribution paid / allocated 2015
AC Class	7.6600	1.0100
I Guard	0.0020	-
Z Net Income	0.0020	-



## INVESTMENT MANAGER'S REVIEW

---

The Sub-Fund was transferred out on 18 March 2016 to FundLogic Alternatives Plc and is currently in the process of being wound up.

## PERFORMANCE RECORD

### Financial Highlights

<b>Class AC</b>	<b>Period from 04 November 2015 to 17 March 2016</b>	<b>Year to 03 November 2015</b>	<b>Period from 14 July 2014 to 03 November 2014<sup>^+</sup></b>
Changes in net assets per unit	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
Opening net asset value per unit	4,558.4300	4,430.5800	4,378.2200
Return before operating charges	(7.4400)	183.5700	70.0400
Operating charges (note 1)	(16.3800)	(48.4400)	(17.6800)
Return after operating charges*	(23.8200)	135.1300	52.3600
Distribution on income units	(4.4400)	(7.2800)	-
Closing net asset value per unit	4,530.1700	4,558.4300	4,430.5800
*after direct transaction costs of:	0.5200	1.1500	0.7200
Performance			
Return after charges	(0.52%)	3.05%	1.20%
Other information			
Closing net asset value	£7,255,640	£9,386,900	£10,869,957
Closing number of units	113	138	162
Operating charges (note 2)	1.77%	1.95%	2.08%
Direct transaction costs	0.01%	0.03%	0.02%
Prices			
Highest unit price	4,623.87	4,650.94	4,457.97
Lowest unit price	4,379.32	4,420.14	4,341.18

<sup>^</sup>Share class launched 14 July 2014

\*Sub-Fund terminated on 17 March 2016 and transferred

+The values for the AC shares are based on a representative unit. Unlike other share classes AC shares in Growth are created and priced uniquely for each share holder.

<b>Class Z Net Income GBP</b>	<b>Period from 04 November 2015 to 17 March 2016<sup>+</sup></b>	<b>Year to 03 November 2015</b>	<b>Period from 14 July 2014 to 03 November 2014<sup>^+</sup></b>
Changes in net assets per unit	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
Opening net asset value per unit	103.5000	100.8000	100.0000
Return before operating charges	0.2010	5.3010	1.8000
Operating charges (note 1)	(0.9000)	(2.6000)	(1.1000)
Return after operating charges*	(0.6990)	2.7010	0.8000
Distribution on income units	(0.0010)	(0.0010)	-
	102.8000	103.5000	100.8000
*after direct transaction costs of:	-	0.0010	0.0010
Performance			
Return after charges	(0.68%)	2.68%	0.80%
Other information			
Closing net asset value	£3,084	£3,105	£3,024
Closing number of units	3,000	3,000	3,000
Operating charges (note 2)	1.61%	1.63%	1.74%
Direct transaction costs	0.01%	0.03%	0.02%
Prices			
Highest unit price	105.00	105.70	101.40
Lowest unit price	99.40	100.50	98.80

<sup>^</sup>Share class launched 14 July 2014

+Sub-Fund terminated on 17 March 2016

## PERFORMANCE RECORD (Continued)

Class I Guard GBP	Period from 04 November 2015 to 17 March 2016+	Year to 03 November 2015	Period from 14 July 2014 to 03 November 2014 <sup>^+</sup>
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	103.1000	100.3000	100.0000
Return before operating charges	(0.0010)	4.7001	0.7000
Operating charges (note 1)	(0.7000)	(1.9000)	(0.7000)
Return after operating charges*	(0.6900)	2.8001	0.3000
Distribution on income units	(0.0010)	(0.0010)	-
	<u>102.4000</u>	<u>103.1000</u>	<u>100.3000</u>
	*after direct transaction costs of:	-	-
Performance			
Return after charges	(0.67%)	2.79%	0.30%
Other information			
Closing net asset value	£6,896,368	£7,013,148	£1,509,895
Closing number of units	6,734,735	6,802,278	1,505,379
Operating charges (note 2)	2.74%	2.76%	2.90%
Direct transaction costs	0.01%	0.03%	0.02%
Prices			
Highest unit price	104.50	104.80	100.90
Lowest unit price	98.90	100.10	98.40

<sup>^</sup>Share class launched 14 July 2014

+Sub-Fund terminated on 17 March 2016

- 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 Profile

Based on past data, the fund is ranked a '4' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Fund is ranked 4 because medium levels of volatility are anticipated over a five-year period. The risk category is based on simulated historical data and may not be a reliable indication of the future risk profile of the Fund.

## PORTFOLIO STATEMENT

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In advance of the termination of the Sub-Fund on 17<sup>th</sup> March 2016 all investment assets were sold.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

---

In advance of the termination of the Sub-Fund on 17<sup>th</sup> March 2016 all investment assets were sold

## STATEMENT OF TOTAL RETURN

For the period ended 31 December 2016

		04.11.15 to 31.12.16	04.11.14 to 03.11.15
		£	£
Income			
Net capital gains	2	(100,060)	303,029
Revenue	3	118,489	260,242
Expenses	4	(99,138)	(256,338)
Net revenue/expense before taxation		<u>19,351</u>	<u>3,904</u>
Taxation	5	<u>-</u>	<u>-</u>
Net revenue/expense after taxation		<u>19,351</u>	<u>3,904</u>
Total return before distributions		(80,709)	306,933
Finance costs: distributions	6	<u>(14,307)</u>	<u>(26,219)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>		<u><u>(95,016)</u></u>	<u><u>280,714</u></u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 December 2016

	04.11.15 to 31.12.16	04.11.14 to 03.11.15
	£	£
<b>Opening net assets attributable to shareholders</b>	16,403,153	12,382,876
Amounts receivable on creation of shares	290,605	6,445,457
Amounts payable on cancellation of shares	(2,438,608)	(2,705,894)
Transfer Out	(14,160,134)	-
Change in net assets attributable to shareholders from investment activities (see above)	<u>(95,016)</u>	<u>280,714</u>
<b>Closing net assets attributable to shareholders</b>	<u><u>-</u></u>	<u><u>16,403,153</u></u>

## BALANCE SHEET

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As at 31 December 2016

	31.12.16		03.11.15	
	£	£	£	£
<b>ASSETS</b>				
Investment assets		-		16,102,282
<b>Current Assets</b>				
Debtors	7	-	158,838	
Cash and bank balances	8	-	335,084	
<b>Total other assets</b>		-		493,922
		-		
<b>Total assets</b>				16,596,204
<b>LIABILITIES</b>				
<b>Creditors</b>				
Distribution payable on income shares		-	(2,893)	
Bank overdrafts	8	-	(102,338)	
Creditors	9	-	(87,820)	
<b>Total liabilities</b>		-		(193,051)
		-		
<b>Net assets attributable to shareholders</b>		-		16,403,153

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2016.

### 1. Accounting policies

The Fund's Financial Statements have been prepared in accordance with the policies noted on page 6.

	<b>04.11.15</b>	<b>04.11.14</b>
	<b>to</b>	<b>to</b>
	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
<b>2 Net capital gains</b>		
The net capital (losses)/gains comprise:		
Non-derivative securities (losses)/gains	(100,060)	303,029
Total net capital gains	<u>(100,060)</u>	<u>303,029</u>
	<b>04.11.15</b>	<b>04.11.14</b>
	<b>to</b>	<b>to</b>
<b>3 Revenue</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
UK franked dividends	38,680	48,295
UK Unfranked Interest Distributions	44,623	183,320
Overseas non-taxable revenue	-	22,177
Rebates received	131	6,233
Interest	217	217
Adjustments to historic income on finalization of recoverable tax estimates*	34,838	-
Total revenue	<u>118,489</u>	<u>260,242</u>
*Representing the net impact arising from the finalization of tax estimates carried in the 2010-2014 accounts after settlement of the final tax computations for those years by HMRC in March 2016.		
	<b>04.11.15</b>	<b>04.11.15</b>
	<b>to</b>	<b>to</b>
<b>4 Expenses</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:</b>		
ACD fee	82,285	216,008
<b>Other expenses</b>		
Audit fee	5,418	7,625
Other expenses	11,435	32,705
	<u>16,853</u>	<u>40,330</u>
Total expenses	<u>99,138</u>	<u>256,338</u>





NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>7 Debtors</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
Accrued revenue	-	42,463
Income tax recoverable	-	116,375
	<u>-</u>	<u>158,838</u>
	<u>-</u>	<u>158,838</u>
<b>8 Cash and bank balances</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	-	335,084
Bank overdraft	-	102,338
	<u>-</u>	<u>102,338</u>
	<u>-</u>	<u>102,338</u>
<b>9 Creditors</b>	<b>31.12.16</b>	<b>03.11.15</b>
		<b>£</b>
Amounts payable to the ACD	-	38,612
Other accrued expenses	-	49,208
	<u>-</u>	<u>87,820</u>
	<u>-</u>	<u>87,820</u>

## DISTRIBUTION TABLES

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### Distributions in pence per share

Share class	Distribution paid / allocated 2016	Distribution paid / allocated 2015
AC Class	4.4400	7.2800
I Guard	0.0010	-
Z Net Income	0.0010	-

## INVESTMENT MANAGER'S REVIEW

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The Sub-Fund was transferred out on 18 March 2016 to FundLogic Alternatives Plc and is currently in the process of being wound up.

## PERFORMANCE RECORD

### Financial Highlights

Class AC		Period from 04 November 2015 to 17 March 2016	Year to 03 November 2015	Period from 14 July 2014 to 03 November 2014 <sup>^+</sup>
		GBP	GBP	GBP
Changes in net assets per unit				
	Opening net asset value per unit	3,984.4600	3,910.6100	3,897.0300
	Return before operating charges	(78.8700)	110.1100	28.0500
	Operating charges (note 1)	(12.6400)	(36.2600)	(14.4700)
	Return after operating charges*	(91.5100)	73.8500	13.5800
	Distribution on income units	-	-	-
	Closing net asset value per unit	3,892.9500	3,984.4600	3,910.6100
	*after direct transaction costs of:	1.4200	5.5600	1.0400
Performance				
	Return after charges	(2.30%)	1.89%	0.35%
Other information				
	Closing net asset value	£2,112,661	£2,652,414	£4,838,729
	Closing number of units	41	45	73
	Operating charges (note 2)	1.74%	1.78%	2.03%
	Direct transaction costs	0.04%	0.14%	0.03%
Prices				
	Highest unit price	4,031.10	4,038.33	3,930.61
	Lowest unit price	3,864.43	3,911.58	3,870.25

<sup>^</sup>Share class launched 14 July 2014

\*Sub-Fund terminated on 17 March 2016 and transferred

+The values for the AC shares are based on a representative unit. Unlike other share classes AC shares in Growth are created and priced uniquely for each share holder.

Class Z Net Income GBP		Period from 04 November 2015 to 17 March 2016 <sup>+</sup>	Year to 03 November 2015	Period from 14 July 2014 to 03 November 2014 <sup>^+</sup>
		GBP	GBP	GBP
Changes in net assets per unit				
	Opening net asset value per unit	102.0000	100.2000	100.0000
	Return before operating charges	(2.1990)	4.4000	1.2000
	Operating charges (note 1)	(0.9000)	(2.6000)	(1.0000)
	Return after operating charges*	(3.0990)	1.8000	0.2000
	Distribution on income units	(0.0010)	-	-
		98.9000	102.0000	100.2000
	*after direct transaction costs of:	0.001	0.0005	0.0010
Performance				
	Return after charges	(3.04%)	1.80%	0.20%
Other information				
	Closing net asset value	£2,968	£3,060	£3,006
	Closing number of units	3,000	3,000	3,000
	Operating charges (note 2)	1.61%	1.52%	1.79%
	Direct transaction costs	0.04%	0.14%	0.03%
Prices				
	Highest unit price	103.20	103.40	100.70
	Lowest unit price	98.60	100.20	99.10

<sup>^</sup>Share class launched 14 July 2014

+Sub-Fund terminated on 17 March 2016

## PERFORMANCE RECORD (Continued)

<b>Class I Guard GBP</b>	<b>Period from 04 November 2015 to 17 March 2016+</b>	<b>Year to 03 November 2015</b>	<b>Period from 14 July 2014 to 03 November 2014<sup>^+</sup></b>
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	101.0000	99.9000	100.0000
Return before operating charges	(1.2900)	3.7000	0.9000
Operating charges (note 1)	(0.9000)	(2.6000)	(1.0000)
Return after operating charges*	(2.1990)	1.1000	(0.1000)
Distribution on income units	(0.0010)	-	-
	<u>98.8000</u>	<u>101.0000</u>	<u>99.9000</u>
	*after direct transaction costs of:	0.0010	0.0050
		0.0050	0.0010
Performance			
Return after charges	(2.18%)	1.10%	(0.10%)
Other information			
Closing net asset value	£584,617	£484,136	£24,067
Closing number of units	591,718	479,342	24,091
Operating charges (note 2)	2.72%	2.65%	2.91%
Direct transaction costs	0.04%	0.14%	0.03%
Prices			
Highest unit price	102.10	102.60	100.60
Lowest unit price	98.10	99.30	98.90

<sup>^</sup>Share class launched 14 July 2014

+Sub-Fund terminated on 17 March 2016

- 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 Profile

Based on past data, the fund is ranked a '3' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Fund is ranked 3 because low to medium levels of volatility are anticipated over a five-year period. The risk category is based on simulated historical data and may not be a reliable indication of the future risk profile of the Fund.

## PORTFOLIO STATEMENT

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In advance of the termination of the Sub-Fund on 17<sup>th</sup> March 2016 all investment assets were sold.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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In advance of the termination of the Sub-Fund on 17<sup>th</sup> March 2016 all investment assets were sold



## STATEMENT OF TOTAL RETURN

For the period ended 31 December 2016

		04.11.15 to £ 31.12.16	04.11.14 to £ 03.11.15
Income			
Net capital gains	2	(33,128)	72,020
Revenue	3	24,689	67,475
Expenses	4	(19,350)	(70,277)
Net revenue/expense before taxation		5,339	(2,802)
Taxation	5	-	-
Net revenue/expense after taxation		5,339	(2,802)
Total return before distributions		(27,789)	69,218
Finance costs: distributions	6	(2,966)	-
<b>Change in net assets attributable to shareholders from investment activities</b>		<u>(30,755)</u>	<u>69,218</u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 December 2016

	04.11.15 to £ 31.12.16	04.11.14 to £ 03.11.15
<b>Opening net assets attributable to shareholders</b>	3,139,610	4,865,802
Amounts receivable on creation of shares	166,679	619,712
Amounts payable on cancellation of shares	(572,946)	(2,415,122)
Transfer Out	(2,702,588)	-
Change in net assets attributable to shareholders from investment activities (see above)	<u>(30,755)</u>	<u>69,218</u>
<b>Closing net assets attributable to shareholders</b>	<u>-</u>	<u>3,139,610</u>

## BALANCE SHEET

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As at 31 December 2016

	31.12.16		03.11.15	
	£	£	£	£
<b>ASSETS</b>				
Investment assets		-		3,188,751
<b>Current Assets</b>				
Debtors	7	-	44,803	
Cash and bank balances	8	-	25,985	
<b>Total other assets</b>		-	<u>70,788</u>	
		-		
<b>Total assets</b>				3,259,539
<b>LIABILITIES</b>				
<b>Creditors</b>				
Distribution payable on income shares		-	-	
Bank overdrafts	8	-	(46,422)	
Creditors	9	-	(73,507)	
<b>Total liabilities</b>		-	<u>(119,929)</u>	
		-		
<b>Net assets attributable to shareholders</b>		<u>-</u>	<u>3,139,610</u>	

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2016.

### 1. Accounting policies

The Fund's Financial Statements have been prepared in accordance with the policies noted on page 6.

	<b>04.11.15</b>	<b>04.11.14</b>
	<b>to</b>	<b>to</b>
<b>2 Net capital gains</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
The net capital (losses)/gains comprise:		
Non-derivative securities (losses)/gains	(33,128)	72,020
Total net capital gains	<u>(33,128)</u>	<u>72,020</u>
	<b>04.11.15</b>	<b>04.11.14</b>
	<b>to</b>	<b>to</b>
<b>3 Revenue</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
UK franked dividends	4,860	4,240
UK Unfranked Interest Distributions	11,995	55,986
Overseas non-taxable revenue	-	5,552
Rebates received	152	1,651
Interest	46	46
Adjustments to historic income on finalization of recoverable tax estimates*	7,636	-
Total revenue	<u>24,689</u>	<u>67,475</u>
*Representing the net impact arising from the finalization of tax estimates carried in the 2010-2014 accounts after settlement of the final tax computations for those years by HMRC in March 2016.		
	<b>04.11.15</b>	<b>04.11.15</b>
	<b>to</b>	<b>to</b>
<b>4 Expenses</b>	<b>31.12.16</b>	<b>03.11.15</b>
	<b>£</b>	<b>£</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:</b>		
ACD fee	15,393	56,947
<b>Other expenses</b>		
Audit fee	999	2,121
Other expenses	2,958	11,209
	<u>3,957</u>	<u>13,330</u>
Total expenses	<u>19,350</u>	<u>70,277</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>7 Debtors</b>	<b>31.12.16</b>	<b>03.11.15</b>
	£	£
Accrued revenue	-	8,593
Income tax recoverable	-	36,210
	<u>-</u>	<u>44,803</u>
<b>8 Cash and bank balances</b>	<b>31.12.16</b>	<b>03.11.15</b>
	£	£
Cash and bank balances	-	25,985
Bank overdraft	-	46,422
	<u>-</u>	<u>46,422</u>
<b>9 Creditors</b>	<b>31.12.16</b>	<b>03.11.15</b>
		£
Amounts payable to the ACD	-	51,973
Other accrued expenses	-	21,534
	<u>-</u>	<u>73,507</u>

## DISTRIBUTION TABLES

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### Distributions in pence per share

Share class	Distribution paid / allocated 2016	Distribution paid / allocated 2015
AC Class	4.3000	-
I Guard	0.0010	-
Z Net Income	0.0010	-

### General Information

#### Base Currency

The base currency of the Company is Pounds Sterling which is the functional currency.

#### Share Capital

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

#### Structure of the Company

The VT Thistledown Smartfund ICVC is structured as an umbrella company. Provision exists for an unlimited number of Sub-Funds, and at the date of this Report there is one sub-fund, VT Thistledown Income Smartfund, authorised.

#### Classes of Shares

The Company can issue different classes of share in respect to any Sub-Fund.

#### Valuation Point

The scheme property of the Company and each Sub-Fund will normally be valued at 16.30 on each dealing day for the purpose of calculating the price at which shares in the Company may be issued, sold, repurchased or redeemed.

The ACD reserves the right to revalue the Company or any Sub-Fund at any time if it considers it desirable to do so, with the Depositary's approval.

#### Buying and Selling of Shares

The ACD will accept orders for the purchase and sale of shares on normal business days between 8:30am and 5:30pm. Instructions to buy or sell shares may either be in writing to:

Valu-Trac Investment Management Ltd

Orton, Fochabers, Moray, IV32 7QE

Or by email to:

[thistledown@valu-trac.com](mailto:thistledown@valu-trac.com) for deals relating to the sub-fund.

A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

#### 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.fundlistings.com](http://www.fundlistings.com). 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.

## CORPORATE DIRECTORY

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### **Authorised Corporate Director & Registrar (from 18 March 2016)**

Valu-Trac Investment Management Limited

Orton

Fochabers

Moray

IV32 7QE

Telephone: 01343 880344

Fax: 01343 880267

(Authorised and regulated by the Financial Conduct Authority)

### **Authorised Corporate Director, Registrar and Investment Manager (to 17 March 2016)**

Smartfund Administration Limited

6 Broad Place

London

EC2M 7JH

(Authorised and regulated by the Financial Conduct Authority)

### **Investment Manager**

Thistledown Investment Management Limited

Otham Manor

Otham Street

Maidstone

Kent

ME18 8RW

(Authorised and regulated by the Financial Conduct Authority)

### **Depository (from 18 March 2016)**

National Westminster Bank Plc

Younger Building

1<sup>st</sup> Floor

3 Redheughs Avenue

Edinburgh, EH12 9RH

(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority)

### **Depository (to 17 March 2016)**

HSBC Bank PLC

8 Canada Square

London

E14 5HQ

(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority)

### **Auditor (from 18 March 2016)**

FKF Accounting Limited

33 High Street

Inverness

IV1 1HT

### **Auditor (to 17 March 2016)**

BDO LLP

55 Baker Street

London

W1U 7EU