

**VT GARRAWAY INVESTMENT FUND SERIES II**  
**(Sub-Fund VT Garraway Diversified Income Fund)**

**Interim Report and Financial Statements (Unaudited)**  
**for the six months ended 31 March 2020**

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## COMPANY OVERVIEW

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### Type of Company

VT Garraway Investment Fund Series II ("the Company") is an authorised open-ended investment company with variable capital ("ICVC") further to a Financial Conduct Authority ("FCA") authorisation order dated 20 March 1999. The Company is incorporated under registration number IC25. It is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ("COLL") issued by the FCA.

The Company is a UCITS scheme and is an umbrella company (as defined in the OEIC Regulations). The Company has currently one Sub-fund available for investment. VT Garraway Diversified Income Fund. Each Sub-fund would be a UCITS scheme if it had a separate authorisation order.

The shareholders are not liable for the debts of the Company.

### Changes to the Company

On 17 February 2020 the Sub-Fund changed its name from VT Garraway Diversified Fixed Interest Fund to VT Garraway Diversified Income Fund.

## **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/expenses and net capital losses for the period. In preparing these financial statements the Authorised Corporate Director is required to:

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

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

## **DIRECTOR'S STATEMENT**

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

Neil J. Smith MA BA CA

Valu-Trac Investment Management Ltd  
Authorised Corporate Director

Date

## SUB-FUND OVERVIEW

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<b>Name of Sub-Fund</b>	VT Garraway Diversified Income Fund
<b>Size of Sub-Fund</b>	(£'000) 7,478
<b>Launch date</b>	07 March 2014
<b>Investment objective and policy</b>	<p>The investment objective of VT Garraway Diversified Income Fund is to provide a high level of income, primarily through investment in a concentrated portfolio of fixed interest securities. Although the main objective is to provide a high level of income, consideration will also be given to capital return.</p> <p>VT Garraway Diversified Income Fund will seek to gain exposure in a fixed interest securities primarily through investment in collective investment schemes and investment trusts. The Sub-Fund may also invest directly in fixed interest securities and other transferable securities. The mix between, Government securities, investment grade and high yield assets may vary depending upon the Investment Adviser's view of prevailing conditions and prudent spread of risk. Money market instruments, equities and cash deposits may also be held from time to time.</p>
<b>Derivatives</b>	The use of derivatives and/or hedging transactions is permitted in connection with the efficient portfolio management of the Sub-Fund. In addition, the Sub-Fund may use derivatives and forward transactions for investment purposes.
<b>Accounting dates</b>	31 March and 30 September
<b>Distribution dates</b>	31 December, 31 January, the last day of February, 31 March, 30 April, 31 May, 30 June, 31 July, 31 August, 30 September, 31 October and 30 November
<b>Individual Savings Account (ISA)</b>	The Sub-Fund is a qualifying investment for inclusion in an ISA.
<b>Minimum investment</b> Lump sum subscription:	Class R Income/Accumulation = £10,000 Class A Income/Accumulation = £10,000
Top-up:	Class R Income/Accumulation = £1,000 Class A Income/Accumulation = £1,000
Holding:	Class R Income/Accumulation = £10,000 Class A Income/Accumulation = £10,000
<b>Initial, redemption and switching charges</b>	<p>Nil, however the initial charges can be raised to 5% if 3 months' notice is given.* The ACD may charge a switching fee when Shares of a Fund are exchanged for Shares in another Fund not exceeding the maximum percentage of preliminary charge for the Shares in such other Fund.</p> <p>The ACD may increase, reduce, or waive the minimum initial and subsequent amounts, the minimum withdrawal and holdings amounts, and the Preliminary and Redemption Charges at its absolute discretion in any particular case.</p> <p>*The Redemption Charge may be imposed on Shares redeemed within three months of purchase.</p>
<b>ACD charges and fixed expenses</b>	<p>The management charge in respect of the A Class Shares is 0.95% per annum of the Net Asset Value of the A Class Shares, and fixed expenses of 0.35%.</p> <p>The management charge in respect of the r Class Shares is 0.45% per annum of the Net Asset Value of the r Class Shares, and fixed expenses of 0.35%.</p> <p>Fixed expenses are subject to a minimum fee of £40,000 per annum.</p>
<b>Changes to the Sub-Fund</b>	On 17 February 2020 the Sub-Fund changed its name from VT Garraway Diversified Fixed Interest Fund to VT Garraway Diversified Income Fund.

### Market review

The period began with the US Federal Reserve's recognition that pressure within the repo market was causing rates to spike higher and that there was an urgent need for liquidity. By the end of the year they had pumped half a trillion US Dollars into this obscure but crucial part of the global financial system to ensure the smooth running of markets. Whilst the program they implemented was not to be referred to as 'Quantitative Easing', in essence it was, and market participants quickly jumped onto the improvement in conditions for risk assets.

Risk markets were further encouraged by improved US-China trade negotiations, which buoyed hopes for a trade deal in January 2020. The Fed cut rates for the third time in the year in November, but disappointed investors by indicating that it would be the last for the foreseeable future. By the end of December, the US Equity market reached fresh highs to cap one of the best years of the past decade. The UK Equity market and Sterling rallied sharply on news of a strong majority for the Conservative government, boosting prospects for an end to the political impasse. In the Eurozone economic survey data was also positive as both the German IFO and ZEW Indicator of Economic Sentiment registered robust increases in December. However, some of these gains were pared in subsequent days and weeks, as the market priced in returning 'no-deal' possibilities.

Against this backdrop we felt that markets would continue to reward risk until the end of the first quarter. We then felt that US election uncertainty would come to the fore and cause a normal correction (between 5-10%), before we would move onwards in the second half of the year. Most sell side analysts, which we admittedly treat with caution, broadly shared our view at the time, a year of modest returns from risk assets. With benefit of recent reports on US earnings we can now see that corporate earnings for the fourth quarter of 2019 were not that bad; profit growth was weak, but sales growth was decent, and both came in comfortably ahead of expectations.

Whilst markets started on a relatively upbeat tone, the assassination of a leading Iranian General, caused a pause in the advance of risk assets. Whilst most markets were regaining their poise, news of the breakout of a new disease was making the headlines. Initially it was felt that it was a distant and contained threat and would only affect Chinese risk assets and a few connected countries. However, by mid-February risk markets peaked and then investors recognized the scope and the threat from the Covid-19 epidemics. In an emergency move on March 3rd the Fed cut rates by 0.5% after the G7 group of finance ministers pledged action. However, markets appeared to feel that this was a panicked move and asset prices responded badly.

As the threat grew and more countries reported outbreaks, on 9th March Italy went into full lockdown measures. On 11th March, the World Health Organization declared a pandemic and risk assets globally were hit hard further progressing a US equity decline which would be unmatched in history. On Sunday 15th March, the Fed slashed interest rates again, by a full percentage point, to near zero and restarted quantitative easing in a drastic emergency action hoped to protect the US economy from the worst of the coronavirus outbreak. It also announced coordinated action with other central banks including the Bank of England to ensure the global financial system had enough access to enough US dollars to stop it from grinding to a halt. Despite these actions prices of risk assets continued to fall off the edge of a cliff. It is difficult to know where to start given the sheer scope and magnitude of events but when discussing this event, we believe the following should be borne in mind:

'A Black Swan is an event with the following three attributes. First, it is an outlier, as it lies outside the realm of regular expectations because nothing in the past can convincingly point to its possibility. Second, it carries an extreme impact. Third, in spite of its outlier status, human nature makes us concoct explanations for its occurrence after the fact, making it explainable

To our knowledge no one predicted that a global pandemic would breakout in 2020 or that the global economy would come to a shuddering halt as governments enforced lockdowns. No one predicted that the resultant economic impact would be comparable to that of the Great Depression and that prices of risk assets would fall off the edge of a cliff to an instant bear market. No one foresaw that its myriad effects would create the conditions for a complete breakdown of the OPEC+ agreement and the subsequent collapse of oil prices, which further worsened the economic malaise.

In summary, this was the worst start to a year on record for the S&P 500 having plunged 20.0% in Q1 2020, in US Dollar terms. At 18 trading days, the decline was the fastest from a record high to a commonly defined bear market (20% peak-to-trough) on record. In response to the crisis, the US Federal Reserve slashed interest rates to zero and launched a liquidity package of historic proportions, where it would buy at least US\$500bn of US Government Bonds and at least US\$200bn of Mortgage Backed Securities. As well as this, the US government launched a US\$2 trillion fiscal package under the name of the CARES Act to plug the hole in income destruction.

Many other central banks and governments launched fiscal and monetary packages, to come to the aid of markets with endless liquidity provisions. Sovereign bond yields collapsed globally, leaving many close to zero or in negative territory in real terms as investors fled to safety. Global inflation expectations collapsed to levels not seen since the Great Financial Crisis (GFC) in 2008/9. Investment Grade and High Yield credit spreads ballooned out to levels not seen since the GFC as well. Oil collapsed to lows around US\$21 for West Texas and US\$29 for Brent Crude, a level not been seen for over 15 years. Finally, mass liquidation of assets caused even the safe haven assets such as gold to drop precipitously. All these events unfolded in less than two months – quite staggering.

## INVESTMENT MANAGER'S REVIEW (CONTINUED)

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### Outlook

It may well be that when the dust settles some will argue, with hindsight, that they saw this event and its aftereffects coming. However, we cannot find any such evidence and refer to point three of the Black Swan definition 'in spite of its outlier status, human nature makes us concoct explanations for its occurrence after the fact, making it explainable and predictable.'

Whilst this is an extremely difficult environment with many unpredictable outcomes certain things are evident. Central banks have injected massive amounts of liquidity to ensure that markets can function, and many Governments have provided massive fiscal injections to plug the hole of lost economic activity. However, this will leave such countries with huge fiscal deficits and mountains of debt. Interest rates are likely to remain close to zero for the foreseeable future and there is little risk of any short-term inflation. Many countries will reassess their supply chains, with national food and health security critical and immediately evident issues due to the pandemic. There is a growing recognition that many countries are vulnerable to the good will of others and this will add further impetus to President Trump's trade ambitions. Companies with strong balance sheets or access to cheap funding will likely prosper, especially if they are linked to structural growth dynamics. Self-evidently many consumption patterns will change, and companies that are tapped into these behavioural changes will reward.

This could well be the buying opportunity that many have been waiting for and many assets look to be offering up huge opportunities to reward the brave. Nearly all our underlying managers are seeing 'once in a generation' value in their portfolios. To quote Sergeant the manager of the River and Mercantile UK Recovery Fund: 'the equity investment opportunities available today are the biggest in my career. Never before have I seen so many strong business franchises priced as if they are about to go out of business.'

Ned Davis Research point out that returns in quarters immediately following a 15% or greater fall in the S&P 500 are positive 67% of the time, with a median rally of at least 5.8%. One year later, the median gain is 17.3%. Post-war, the results are even stronger. Two-to-eight quarters later, the market has been up every time at over twice the long-term average.

We see this as the opportunity to maintain risk, for which we will be rewarded in the medium /long term. In our opinion, this is the time to buy especially quality growth and distressed assets. The former, because their business models will endure and they are well financed, the latter because they are shunned and already pricing in the worst news. Given our positioning remains essentially unchanged we are hopeful that the fund will capture upside in risk markets.

At times like these that we should draw on history. 'When hit with recessions or declines, you must stay the course. Economies are cyclical, and the markets have shown that they will recover. Make sure you are a part of those recoveries!' - Peter Lynch, Manager of the Fidelity Magellan Fund between 1977 and 1990.

### Portfolio performance and activity

In the period the fund was down -24.31% (A Accumulation shares)

The reporting period can be divided into two distinct phases. At the start of the period until risk assets peaked in mid-February we performed well, with our risk on positions rewarding. However, we were not positioned for a violent risk off episode and this led to very poor returns in February and March. Covid-19 collapsed investor optimism and with-it prices for risk assets including high yield and credit, which this fund relies on to generate its high level of income, whilst most 10-year developed market government bonds yields compressed close to zero. Equally many of the closed ended funds held fell to extremely deep discounts to their net asset value, often performing more like equities than credit instruments.

We had recognised very earlier on in the period that the renewed efforts by the US Federal Reserve to support money markets would be considered as Quantitative Easing and highly supportive for risk assets and improved growth. As a result, we had already set the portfolio ready for this environment and only needed to alter our positioning to support a selloff in sovereign bonds by carrying little to no duration.

We had felt that 2020 would start out on a normal basis and whilst the economic cycle was the longest in history, it looked set to continue. The fundamental data released since January supported our forecast. In that environment, we maintained a bias to pro risk assets and maintained the high level of income required by the fund.

Beyond this we kept activity to a minimum observing that the initial setback in Chinese equities and other risk markets from a virus outbreak, appeared contained and distant. We took some comfort from the fact that asset prices recovered their poise and fundamentals remained encouraging. However, in early March we saw risks rising in a several of the underlying bond holdings in the Ashmore Emerging Market Short Duration Fund and sold the position.

Concerns over the Covid-19 outbreak then mounted at a rapid pace and asset prices began a precipitous slide. At the lows for risk assets, credit spreads ballooned out to levels not seen since the Great Financial Crisis in 2008/09. The US Federal Reserve stepped in to support the function and liquidity of parts of markets and improved the situation, broadly tightening spreads, but especially in Investment Grade. Whilst High Yield participated in this improvement, it did so to a lesser extent, as investors continued to fear widespread company failures and defaults. This is very similar to the behaviour witnessed in the GFC but as history, shows, the resultant defaults were at a much lower level than priced and these areas offered exceptional value for the risk.

## INVESTMENT MANAGER'S REVIEW (CONTINUED)

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An example of this dash for liquidity, almost regardless of pricing and fundamentals, can be neatly encapsulated in the performance of the highly rated GCM Semper Total return Fund. The fund holds a wide range of US mortgages backed securities and related fixed income instruments. Until 2020 this fund had been a relatively low duration, reasonable yielding (circa 4.5%) holding with excellent diversification benefits. However, in March 2020 the manager witnessed massive US investor selling of most of these types of securities and especially the most liquid. A number of these investors were linked to short term participants who needed to sell at any price. This caused the fund to slump circa 25% at its worst point. This was a far worse result than ever previously experienced, including its performance in 2008/09 where the strategy ended the year firmly up. Since 2002 the strategy had delivered positive performance each calendar year with the worst year around 1.95%. The US Federal Reserve have yet to signal general support for this area of the market and so the assets have lagged the wider recovery. However, the manager believes that a wide range of investors can see what an enticing opportunity this offers, and many funds are starting to actively engage again.

The combination of our essentially risk-on portfolio with overweight positioning to high yield, structured credit and loans combined with a lack of both US Dollar and developed market government bonds meant the fund suffered a material negative impact to performance. As many of the underlying investments are held in closed ended structures, the fund suffered more than we would normally expect. Investors essentially fled the markets for liquidity. Losses far outweighed the underlying performance of the assets held as discounts to net asset value savagely widened on several our holdings.

Garraway Capital Management LLP  
Investment Manager to the Fund



## PERFORMANCE RECORD

### Financial Highlights

		Period to 31 March 2020	Year to 30 September 2019	Year to 30 September 2018
<b>R Income shares</b>				
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	75.36	79.84	87.46
	Return before operating charges	(16.85)	3.33	(1.47)
	Operating charges (note 1)	(0.88)	(1.23)	(1.04)
	Return after operating charges*	(17.73)	2.10	(2.51)
	Distributions on income shares	(2.25)	(6.58)	(5.11)
	Closing net asset value per unit	55.38	75.36	79.84
	*after direct transaction costs of:	0.01	0.03	0.03
Performance				
	Return after charges	(25.53%)	2.63%	(2.87%)
Other information				
	Closing net asset value (£'000)	2,416	3,449	6,599
	Closing number of units	4,361,550	4,576,979	8,266,106
	Operating charges (note 2)	1.22%	1.57%	1.24%
	Direct transaction costs	0.01%	0.04%	0.04%
Prices				
	Highest unit price	76.72	80.38	88.03
	Lowest unit price	52.99	75.36	80.72

		Period to 31 March 2020	Period to 30 September September 2019	Year to 30 September 2018
<b>R Accumulation shares</b>				
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	175.78	171.06	175.63
	Return before operating charges	(40.30)	7.43	(2.43)
	Operating charges (note 1)	(2.09)	(2.71)	(2.14)
	Return after operating charges*	(42.39)	4.72	(4.57)
	Closing net asset value per unit	133.39	175.78	171.06
	Retained distributions on accumulated units	5.30	14.52	10.51
	*after direct transaction costs of:	0.02	0.07	0.05
Performance				
	Return after charges	(24.12%)	2.76%	(2.60%)
Other information				
	Closing net asset value (£'000)	1,552	2,553	3,444
	Closing number of units	1,163,720	1,452,221	2,013,129
	Operating charges (note 2)	1.22%	1.57%	1.24%
	Direct transaction costs	0.01%	0.04%	0.04%
Prices				
	Highest unit price	181.68	180.28	177.69
	Lowest unit price	126.77	166.61	170.17

**PERFORMANCE RECORD (Continued)**
**Financial Highlights (Continued)**

<b>A Income shares</b>		<b>Period to 31 March 2020</b>	<b>Period to 30 September 2019</b>	<b>Year to 30 September 2018</b>
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	82.20	87.48	96.32
	Return before operating charges	(18.13)	4.20	(1.63)
	Operating charges (note 1)	(1.36)	(1.78)	(1.60)
	Return after operating charges*	(19.49)	1.82	(3.23)
	Distributions on income shares	(2.45)	(7.10)	(5.61)
	Closing net asset value per unit	60.26	82.20	87.48
	*after direct transaction costs of:	0.01	0.03	0.03
Performance				
	Return after charges	(23.71%)	2.09%	(3.35%)
Other information				
	Closing net asset value (£'000)	181	268	404
	Closing number of units	300,766	325,924	461,515
	Operating charges (note 2)	1.72%	2.07%	1.74%
	Direct transaction costs	0.01%	0.04%	0.04%
Prices				
	Highest unit price	83.57	88.06	96.92
	Lowest unit price	57.66	82.20	88.46

<b>A Accumulation shares</b>		<b>Period to 31 March 2020</b>	<b>Period to 30 September 2019</b>	<b>Year to 30 September 2018</b>
Changes in net assets per unit		GBP	GBP	GBP
	Opening net asset value per unit	104.27	101.98	105.32
	Return before operating charges	(23.61)	4.42	(1.54)
	Operating charges (note 1)	(1.74)	(2.13)	(1.80)
	Return after operating charges*	(25.35)	2.29	(3.34)
	Closing net asset value per unit	78.92	104.27	101.98
	Retained distributions on accumulated units	3.14	8.65	6.31
	*after direct transaction costs of:	0.01	0.04	0.03
Performance				
	Return after charges	(24.31%)	2.25%	(3.17%)
Other information				
	Closing net asset value (£'000)	3,411	4,704	5,034
	Closing number of units	4,321,785	4,511,756	4,936,822
	Operating charges (note 2)	1.72%	2.07%	1.74%
	Direct transaction costs	0.01%	0.04%	0.04%
Prices				
	Highest unit price	107.61	106.96	106.54
	Lowest unit price	75.01	99.24	101.70

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 Sub-Fund.

**Risk Profile**

Based on past data, the Sub-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 Sub-Fund is ranked '3' because weekly historical performance data indicates that it has experienced low to medium rises and falls in market prices historically.

## PORTFOLIO STATEMENT

As at 31 March 2020 (unaudited)

HOLDINGS		Value £'000	% of net assets
<b>BOND FUNDS - 79.83% (30.09.19: 82.30%)</b>			
1,397,700	Artemis High Income Fund	952	12.73
5,776	Edmond de Rothschild Emerging Bonds Fund	387	5.19
6,528	iShares EM Local Govt Bond UCITS ETF USD (Dist)	269	3.59
1,460,000	Man GLG High Yield Opportunities Professional D Inc	1,184	15.83
92,727	RDL Realisation Plc	137	1.83
1,083,750	Schroder High Yield Opportunities Fund	440	5.88
8,990	Semper Total Return Fund	654	8.75
3,500	Tabula European Performance Credit UCITS ETF	289	3.86
902,300	TwentyFour Select Monthly Income Fund <sup>1</sup>	680	9.10
100,998	Volta Finance <sup>1</sup>	358	4.79
1,190,443	VPC Specialty Lending Investments Preferred <sup>1</sup>	619	8.28
	<b>TOTAL BOND FUNDS</b>	<b>5,969</b>	<b>79.83</b>
<b>EQUITIES - 12.81% (30.09.19: 11.96%)</b>			
<b>UNITED KINGDOM EQUITY- 8.05% (30.09.19: 5.63%)</b>			
1,511,925	SQN Asset Finance Income <sup>1</sup>	602	8.05
	<b>TOTAL UNITED KINGDOM</b>	<b>602</b>	<b>8.05</b>
<b>CONTINENTAL EUROPE EQUITY - 4.76% (30.09.19: 6.31%)</b>			
689,620	Chenavari Toro Income	356	4.76
	<b>TOTAL CONTINENTAL EUROPE EQUITY</b>	<b>356</b>	<b>4.76</b>
<b>GLOBAL EQUITY- 0.00% (30.09.19: 0.02%)</b>			
<b>OPTIONS - 0.62% (30.09.19: 0.00%)</b>			
30	S&P 500 CALL (3100) Dec20	80	1.08
-30	S&P 500 CALL (3300) Dec20	(34)	(0.46)
	<b>TOTAL OPTIONS</b>	<b>46</b>	<b>0.62</b>
<b>FUTURES - (1.49%) (30.09.19: (0.64%))</b>			
-6	US Ultra Bond CBT Jun20 Future	(72)	(0.96)
-9	Eurex Long-Term Euro BTP Bond Future Jun20	(40)	(0.53)
	<b>TOTAL FUTURES</b>	<b>(112)</b>	<b>(1.49)</b>
	<b>Portfolio of investments (30.09.19: 93.62%)<sup>2</sup></b>	<b>6,861</b>	<b>91.77</b>
	<b>Net other assets (30.09.19: 6.71%)</b>	<b>697</b>	<b>9.34</b>
	<b>Adjustment to revalue assets from mid to bid prices (30.09.19: (0.33%))</b>	<b>(80)</b>	<b>(1.11)</b>
		<b>7,478</b>	<b>100.00</b>

<sup>1</sup>Ordinary shares

<sup>2</sup>Includes investment liabilities

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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<b>Total purchases for the period</b>	<b>£</b> <b>1,200,795</b>
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Man GLG High Yield Opportunities Professional D Inc	783,900
SQN Asset Finance Income	416,895

<b>Total sales for the period</b>	<b>£</b> <b>2,121,967</b>
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AS SICAV I - Brazil Bond I QInc USD	813,612
Ashmore Emerging Markets Short Duration Inst USD D	479,479
CATCo Reinsurance Opportunities Fund Limited	2,232
Chenavari Toro Income	149,158
iShares EM Local Govt Bond UCITS ETF USD (Dist)	142,908
Schroder High Yield Opportunities Fund	184,179
TwentyFour Select Monthly Income Fund	136,502
Volta Finance	134,306
VPC Specialty Lending Investments Preferred	79,591

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

## STATEMENT OF TOTAL RETURN

For the six months ended 31 March 2020 (unaudited)

	31.03.20		31.03.19	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(2,820)		(389)
Revenue	382		448	
Expenses	(56)		(72)	
Finance costs: bank interest	-		-	
Net revenue before taxation	326		376	
Taxation	-		-	
Net revenue after taxation		326		376
Total return before distributions		(2,494)		(13)
Finance costs: distributions		(321)		(372)
<b>Changes in net assets attributable to shareholders from investment activities</b>		<b>(2,815)</b>		<b>(385)</b>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 March 2020 (unaudited)

	31.03.20	31.03.19
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>	10,938	15,481
Amounts receivable on creation of shares	286	225
Amounts payable on cancellation of shares	(1,138)	(3,096)
Dividend reinvested	207	196
Changes in net assets attributable to shareholders from investment activities (see above)	(2,815)	(385)
<b>Closing net assets attributable to shareholders</b>	<b>7,478</b>	<b>12,421</b>

The Investment Association SORP requires that comparatives are shown for the above report. As comparatives should be for the comparable interim period the net asset value at the end of the previous period will not agree to the net asset value at the start of the period. The Company net asset value as at 30 September 2019 was (£'000) 10,938.

## BALANCE SHEET

As at 31 March 2020 (unaudited)	31.03.20 £'000	£'000	30.09.19 £'000	£'000
<b>FIXED ASSETS</b>				
Investment assets		6,927		10,293
<b>CURRENT ASSETS</b>				
Debtors	275		100	
Cash and bank balances	509		858	
<b>Total current assets</b>		784		958
<b>Total assets</b>		7,711		11,251
<b>CURRENT LIABILITIES</b>				
Investment liabilities		(146)		(89)
Distribution payable on income shares	(53)		(136)	
Bank overdraft	(6)		(62)	
Other creditors	(28)		(26)	
<b>Total current liabilities</b>		(87)		(224)
<b>Net assets attributable to shareholders</b>		7,478		12,421

### Accounting policies

The accounting policies applied are consistent with those of the financial statements for the period ended 30 September 2019 and are described in those financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014.

## DISTRIBUTION TABLES

### Interim distribution in pence per share

Group 1: Shares purchased on or prior to 01 October 2019

Group 2 : Shares purchased on or after 01 October 2019 and on or before 31 October 2019.

01 October 2019 to 31 October 2019

Payment date	Unit Type	Share Class	Net Revenue 2019	Equalisation 2019	Distribution paid/allocated 2019	Distribution paid/allocated 2018
31.12.19	group 1	Class R Income	0.3750	-	0.3750	0.3750
31.12.19	group 2	Class R Income	0.2292	0.1458	0.3750	0.3750
31.12.19	group 1	Class A Income	0.4090	-	0.4090	0.4108
31.12.19	group 2	Class A Income	0.1494	0.2596	0.4090	0.4108
31.12.19	group 1	Class R Accumulation	0.8747	-	0.8747	0.8033
31.12.19	group 2	Class R Accumulation	0.1794	0.6953	0.8747	0.8033
31.12.19	group 1	Class A Accumulation	0.5188	-	0.5188	0.4789
31.12.19	group 2	Class A Accumulation	0.4658	0.0530	0.5188	0.4789

### Interim distribution in pence per share

Group 1: Shares purchased on or prior to 01 November 2019

Group 2 : Shares purchased on or after 01 November 2019 and on or before 30 November 2019.

01 November 2019 to 30 November 2019

Payment date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution paid/allocated 2020	Distribution paid/allocated 2019
31.01.20	group 1	Class R Income	0.3750	-	0.3750	0.3750
31.01.20	group 2	Class R Income	0.2671	0.1079	0.3750	0.3750
31.01.20	group 1	Class A Income	0.4088	-	0.4088	0.4106
31.01.20	group 2	Class A Income	0.1029	0.3059	0.4088	0.4106
31.01.20	group 1	Class R Accumulation	0.8787	-	0.8787	0.8072
31.01.20	group 2	Class R Accumulation	0.2290	0.6497	0.8787	0.8072
31.01.20	group 1	Class A Accumulation	0.5209	-	0.5209	0.4807
31.01.20	group 2	Class A Accumulation	0.3468	0.1741	0.5209	0.4807

### Interim distribution in pence per share

Group 1: Shares purchased on or prior to 01 December 2019

Group 2 : Shares purchased on or after 01 December 2019 and on or before 31 December 2019.

01 December 2019 to 31 December 2019

Payment date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution paid/allocated 2020	Distribution paid/allocated 2019
28.02.20	group 1	Class R Income	0.3750	-	0.3750	0.3750
28.02.20	group 2	Class R Income	0.0122	0.3628	0.3750	0.3750
28.02.20	group 1	Class A Income	0.4087	-	0.4087	0.4105
28.02.20	group 2	Class A Income	-	0.4087	0.4087	0.4105
28.02.20	group 1	Class R Accumulation	0.8813	-	0.8813	0.8097
28.02.20	group 2	Class R Accumulation	-	0.8813	0.8813	0.8097
28.02.20	group 1	Class A Accumulation	0.5224	-	0.5224	0.4823
28.02.20	group 2	Class A Accumulation	0.0237	0.4987	0.5224	0.4823

## DISTRIBUTION TABLES

### Interim distribution in pence per share

Group 1: Shares purchased on or prior to 01 January 2020

Group 2 : Shares purchased on or after 01 January 2020 and on or before 31 January 2020.

01 January 2020 to 31 January 2020

Payment date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution paid/allocated 2020	Distribution paid/allocated 2019
31.03.20	group 1	Class R Income	0.3750	-	0.3750	0.3750
31.03.20	group 2	Class R Income	0.0127	0.3623	0.3750	0.3750
31.03.20	group 1	Class A Income	0.4086	-	0.4086	0.4104
31.03.20	group 2	Class A Income	0.0266	0.3820	0.4086	0.4104
31.03.20	group 1	Class R Accumulation	0.8857	-	0.8857	0.8126
31.03.20	group 2	Class R Accumulation	0.0474	0.8383	0.8857	0.8126
31.03.20	group 1	Class A Accumulation	0.5247	-	0.5247	0.4839
31.03.20	group 2	Class A Accumulation	0.0336	0.4911	0.5247	0.4839

### Interim distribution in pence per share

Group 1: Shares purchased on or prior to 01 February 2020

Group 2 : Shares purchased on or after 01 February 2020 and on or before 28 February 2020.

01 February 2020 to 28 February 2020

Payment date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution paid/allocated 2020	Distribution paid/allocated 2019
30.04.20	group 1	Class R Income	0.3750	-	0.3750	0.3750
30.04.20	group 2	Class R Income	0.0016	0.3734	0.3750	0.3750
30.04.20	group 1	Class A Income	0.4084	-	0.4084	1.0301
30.04.20	group 2	Class A Income	0.0170	0.3914	0.4084	1.0301
30.04.20	group 1	Class R Accumulation	0.8896	-	0.8896	0.8160
30.04.20	group 2	Class R Accumulation	-	0.8896	0.8896	0.8160
30.04.20	group 1	Class A Accumulation	0.5269	-	0.5269	0.4858
30.04.20	group 2	Class A Accumulation	-	0.5269	0.5269	0.4858

### Interim distribution in pence per share

Group 1: Shares purchased on or prior to 01 March 2020

Group 2 : Shares purchased on or after 01 March 2020 and on or before 31 March 2020.

01 March 2020 to 31 March 2020

Payment date	Unit Type	Share Class	Net Revenue 2020	Equalisation 2020	Distribution paid/allocated 2020	Distribution paid/allocated 2019
29.05.20	group 1	Class R Income	0.3750	-	0.3750	0.3750
29.05.20	group 2	Class R Income	-	0.3750	0.3750	0.3750
29.05.20	group 1	Class A Income	0.4083	-	0.4083	0.4098
29.05.20	group 2	Class A Income	0.0083	0.4000	0.4083	0.4098
29.05.20	group 1	Class R Accumulation	0.8928	-	0.8928	0.8227
29.05.20	group 2	Class R Accumulation	-	0.8928	0.8928	0.8227
29.05.20	group 1	Class A Accumulation	0.5286	-	0.5286	0.4889
29.05.20	group 2	Class A Accumulation	-	0.5286	0.5286	0.4889



## INFORMATION FOR INVESTORS

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### Distribution

Distributions of the revenue of the Company will be made to the shareholders on or before the last day of the month.

### Individual shareholders

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

**Capital gains tax:** Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. However, the first £12,300 (2020/21) of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

### Taxation

The Company will pay no corporation tax on its profits for the period to 31 March 2020 and capital gains within the Company will not be taxed.

### Corporate shareholders

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

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

### Issue and redemption of shares

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

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

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

A contract note giving details of the shares purchased and the price used will be issued by the Registrar by the end of the business day following the valuation point by reference to which the purchase price is determined.

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

Where shares are redeemed, payment will be made not later than the close of business on the fourth business day following the next valuation point after receipt by the ACD of a request for redemption. The minimum value of shares that a shareholder may hold is £10,000 for the A and R shares. The ACD may at its discretion accept subscriptions lower than the minimum amount.

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

**CORPORATE DIRECTORY**

<b>Authorised Corporate Director, Administrator and Registrar</b>	Valu-Trac Investment Management Limited Orton Moray IV32 7QE  Telephone: 01343 880344 Fax: 01343 880267 Email: beagle@valu-trac.com  Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
<b>Director</b>	Valu-Trac Investment Management Limited
<b>Investment Manager</b>	Garraway Capital Mangement LLP 200 Aldersgate Street London EC1A 4HD  Authorised and regulated by the Financial Conduct Authority
<b>Depositary</b>	NatWest Trustee and Depositary Services Limited Drummond House 2nd Floor, 1 Redheughs Avenue Edinburgh EH12 9RH  Authorised and regulated by the Financial Conduct Authority
<b>Auditor</b>	Johnston Carmichael LLP Chartered Accountants Commerce House South Street Elgin IV30 1JE