

**VT GARRAWAY INVESTMENT FUND SERIES II
(Sub-fund VT Garraway Diversified Fixed Interest
Fund)**

**Interim Report and Financial Statements
(unaudited)
for the six months ended 31 March 2019**

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COMPANY OVERVIEW

Size of Company (£'000)	12,421
Company objective and policy	<p>The investment objective of VT Garraway Diversified Fixed Interest 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 Fixed Interest Fund will seek to gain exposure in fixed interest securities primarily through investment in collective investment schemes and investment trusts. The 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> <p>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.</p>
Type of Company	<p>The Company is an open-ended investment company with variable capital. The Company is incorporated in England and Wales with Registered Number IC25 and is authorised pursuant to Regulation 14 of the OEIC Regulations. The effective date of the authorisation order made by the Financial Conduct Authority was 30 March 1999.</p> <p>A shareholder is not liable to make any further payment to the company after they have paid the price on the purchase of the shares.</p>
Authorised Corporate Director (ACD)	Valu-Trac Investment Management Limited
Share class	The Company currently has four share classes launched, R Income, R Accumulation, A Income and A Accumulation.
Ex-distribution dates	Last day of each month
Distribution dates	Last day of each month, 2 months following the ex-distribution date.
Individual Savings Account (ISA)	The Company is a qualifying investment for inclusion in an ISA.
Minimum investment	
Lump sum subscription:	A shares = £10,000 R shares = £10,000
Top-up:	A shares = £1,000 R shares = £1,000
Holding:	A shares = £10,000 R shares = £10,000
Redemption (all classes):	N/A (provided minimum holding is maintained)
Initial Charges	0.00%
The ACD may raise this to 5% by giving 3 months' notice.	
Redemption and switching charges	up to 5% (on shares redeemed within 3 months of purchase)

COMPANY OVERVIEW (Continued)

ACD charges

A shares: 0.95%
R shares: 0.45%

Fixed expenses

A shares: 0.35%
R shares: 0.35%

Changes to the Company

On 25 March 2019 the Authorised Corporate Director changed from City Financial Investment Company Limited to Valu-Trac Investment Management Limited.

On 25 March 2019 the auditor changed from Grant Thornton UK LLP to Johnston Carmichael LLP.

On 25 March 2019 the Company changed its name from City Financial Investment Funds to VT Garraway Investment Fund Series II.

INVESTMENT MANAGER'S REVIEW

Market Background

The reporting period was marked by two quite distinct phases, the first 'risk off' phase finished at year end followed by the second phase of 'risk on' taking us to the end of the reporting period.

During the summer, we had witnessed a desynchronisation of both stock market and economic performance between the US and much of the rest of the world. It was evident that several European, Asian and Emerging Market economies, companies were struggling with weak economic growth as a result of political issues, potential trade tariffs and expectation of interest rate rises. In distinct contrast, US economic growth continued to improve buoyed by substantial fiscal stimulus and the lagged boost of a weaker US dollar environment in 2017. Labour markets in the US appeared to get ever tighter, with unemployment reaching new lows and employment participation rates rising, but incipient wage inflation remained confined to a few select industries. However, the Federal Reserve's (the 'Fed') preferred inflation measure, core CPE closed into their 2% target and the Fed moved to quite a hawkish position.

US bond yields had in part anticipated this and yields had moved significantly higher, with the yield on the US 10-year Government bond rising from 2.3% to a peak of 3.2% by the middle of Q4 2018. Similarly, in the UK, 10-year Gilt yields rose as economic data slightly improved. By contrast, and in part attributable to the continuation of the ECB's QE program, German 10-year bond yields had previously remained essentially unchanged at 0.5%, but did peak in unison with other developed bond markets.

However, as we stated in the last manager's report "we continue to expect the synchronised global expansion to fade further in the second half of the year and structural inflationary pressures to be limited". By December 2018, it was evident that the US was suffering from the wider general economic weakness whilst financial conditions tightened further, with the Fed's hawkish tone on interest rates and continued reduction in the Fed balance sheet. Adding to the negative environment were heightening concerns on the impacts of trade tariffs just as the full extent of the Chinese growth slowdown became obvious.

The US yield curve inverted for the first time in a decade as the spread between the yields of the three and five treasury bonds dropped below zero. This has historically been taken by investors as one of the more reliable precursor warning signs of a recession and all its natural consequences. US 10-year government bond yields collapsed to 2.6% and UK 10-year Gilts fell to 1.2%, as investor sentiment turned extremely pessimistic.

As usual, when investors become extremely pessimistic, equity markets confound expectations and bounce. Yet again this was the case, as many equity markets bottomed just before year end and started to reverse previous losses. Many investors viewed the worst as being 'priced in' and started to increase exposure

At the end of January, the US government shutdown came to an end relieving some concerns over its wider impact on growth. The Fed gave risk assets and government bonds a further fillip with some extremely dovish comments which took markets by surprise. Not only were rates effectively put on hold, but there was also a step towards an early end of quantitative tightening via the Fed balance sheet rundown. All markets viewed this very positively, pricing in the prospect of rate cuts in the not too distant future. Chinese activity in Q1 2019 appeared to respond positively to previously advanced stimulus measures, as the Peoples Bank of China guided down interbank borrowing costs with a massive \$83bn injection of liquidity. Added to this were more positive statements on US/China trade negotiations through the course of January, improving the chances of a good outcome before the end of March deadline.

Growth worries in Europe continued to linger, with German growth near to zero and Italy slipping into recession. However, the European Central Bank (ECB) pivoted to a more dovish stance with a statement that rates would remain at current levels at least until the end of the year. In European bond markets, German 10-year bund yields were also more than 30bps lower and fell below zero toward the end of March for the first time since October 2016.

INVESTMENT MANAGER'S REVIEW (Continued)

In the UK, Brexit continued to dominate, with an agreement to roll back the deadline beyond March 2019. Inflation remained muted whilst the economy grew around 1.4% in 2018. As a result of these combined measures global equity markets rallied, developed and emerging market government bond yields continued to fall, investment grade and high yield credit spreads tightened, whilst Brent crude rallied strongly.

Fund Performance

The Fund returned -0.02% over the six months to the end of March 2019, based on the R Inc. share class. The Fund continues to pay regular gross monthly interest income of 0.375p per share on the R Inc shares, with a bonus payment at the end of year.

Portfolio Activity

At the start of the reporting period we reduced positions in lower credit quality issues and moved up the credit spectrum. We rotated from Montlake Angel Oak Multi-Strategy Income UCITS fund into GemCap Semper Total Return Fund and reduced our holdings in Edmond de Rothschild Emerging Bond Fund and Aberdeen Standard SICAV Brazil Bond Fund. Additionally, we increased the defensive positioning at the margin through the implementation of protective strategies that included some hedging of market risk via derivatives. This disposition was particularly helpful in preserving capital for the fund in December in the face of strong equity market declines, which would normally negatively impact some of our investment trust holdings.

At the start of January 2019, we felt that risk assets had become oversold and initiated a position in iShares EM Local Government Bond ETF. We further added to our Emerging Market debt exposure via the Ashmore Emerging Markets Short Duration Bond Fund. We believed their underlying portfolios would be likely beneficiaries of an improved trade outlook, Chinese fiscal stimulus and a weaker US Dollar. However, we have retained some of our protective strategies and increased our duration positioning, given our marginally cautious outlook.

Outlook

The environment is characterised by many familiar features and some very new conflicting features that offer a confusing picture. It can be argued that we are at an inflection point and we should expect messy/confusing data. However, we observe that this has persisted for some time and that it is likely to continue, driven by a number of underlying structural factors, such as technological change, and demographics.

Market participants are trying to deal with this landscape, but we often witness periods of very crowded positioning that dramatically unwinds as data confounds the crowds' expectations. We only have to look at our reporting period to see extreme signs of this behaviour. It is our belief that we will continue to witness such episodes, frequently driven by changes in central bank policy.

Indeed, many central bankers continue to hold faith in the Phillips Curve and expect inflation to rise as unemployment falls. However, we continue to believe that this is an over-simplification and that any upturn in inflation will prove to be relatively contained. Indeed, a recent study by Ned Davis Research shows that "there appears to be at least a moderate relationship between the tightness in the labour markets and wage growth among developed economies. But the relationship between wage inflation and core inflation appears to have broken down in the post-GFC period."

This potential dynamic was highlighted in recent weeks by US Federal Reserve Governor Jerome Powell, noting that the Fed's board are struggling to determine the appropriate pace of tightening in an environment of very low unemployment and low inflation with little signs of either significantly changing.

There have been eight recessions in the past 60 years (ignoring the brief 1980/81 downturn) and the Fed failed to forecast any of them. We see that it will be easy for the Fed to remain behind the curve and not fully react to the current slowdown (which they didn't see), and we have highlighted the potential for such a policy error for a long time, and to our minds there is little to change our thinking on the outlook. However, where we have struggled is interpreting the market's reaction to events.

INVESTMENT MANAGER'S REVIEW (Continued)

If we now live in a world of shallower but longer economic cycles, with limited inflationary pressures and low interest rates, we should see the post GFC asset price winners generally outperform, albeit with short term violent reversals. In theory this should be a highly supportive environment for most areas of fixed income, ex inflation protection bonds. We have managed to find several deeply discounted investment opportunities with incredibly high yields that mean the fund is currently yielding over 6% gross and should be able to maintain this for 2019.

Whilst there will undoubtedly be variations on the above theme the backdrop looks as though it is here to stay barring an exogenous shock such as a full-blown trade war, which could create a global recession. Should this occur, we believe bond yields globally will fall even further, on the back of globally combined rate cuts and new unorthodox monetary policy measures.

Garraway Capital Management LLP
Investment Manager to the Fund

PERFORMANCE RECORD

Financial Highlights

'A' Income shares	Period to 31 March 2019	Year to 30 September 2018	Year to 30 September 2017
Changes in net assets per unit			
	GBP	GBP	GBP
Opening net asset value per unit	87.48	96.32	103.93
Return before operating charges	1.95	(1.63)	0.07
Operating charges (note 1)	(1.74)	(1.60)	(1.70)
Return after operating charges*	(0.19)	(3.23)	(1.63)
Distributions on income shares	(2.05)	(5.61)	(5.98)
Closing net asset value per unit	85.23	87.48	96.32
	*after direct transaction costs of:	0.01	0.03
		0.03	0.08
Performance			
Return after charges	(0.22%)	(3.35%)	(1.57%)
Other information			
Closing net asset value (£'000)	365	404	493
Closing number of units	428,317	461,515	512,080
Operating charges (note 2)	2.02%	1.74%	1.69%
Direct transaction costs	0.01%	0.04%	0.08%
Prices			
Highest unit price	88.06	96.92	104.34
Lowest unit price	84.32	87.48	96.32

'A' Accumulation shares	Period to 31 March 2019	Year to 30 September 2018	Year to 30 September 2017
Changes in net assets per unit			
	GBP	GBP	GBP
Opening net asset value per unit	101.98	105.32	107.35
Return before operating charges	1.83	(1.54)	(0.24)
Operating charges (note 1)	(2.06)	(1.80)	(1.79)
Return after operating charges*	(0.23)	(3.34)	(2.03)
Closing net asset value per unit	101.75	101.98	105.32
Retained distributions on accumulated units	2.90	6.31	5.95
	*after direct transaction costs of:	0.01	0.03
		0.03	0.08
Performance			
Return after charges	(0.22%)	(3.17%)	(1.57%)
Other information			
Closing net asset value (£'000)	4,789	5,034	5,618
Closing number of units	4,706,629	4,936,822	5,333,874
Operating charges (note 2)	2.02%	1.74%	1.69%
Direct transaction costs	0.01%	0.04%	0.08%
Prices			
Highest unit price	103.05	106.54	109.45
Lowest unit price	99.24	101.70	101.89

PERFORMANCE RECORD (Continued)

Financial Highlights

'R' Income shares	Period to 31 March 2019	Year to 30 September 2018	Year to 30 September 2017
Changes in net assets per unit			
	GBP	GBP	GBP
Opening net asset value per unit	79.84	87.46	93.90
Return before operating charges	1.22	(1.47)	0.06
Operating charges (note 1)	(1.20)	(1.04)	(1.08)
Return after operating charges*	0.02	(2.51)	(1.02)
Distributions on income shares	(1.88)	(5.11)	(5.42)
Closing net asset value per unit	77.98	79.84	87.46
	0.01	0.03	0.07
*after direct transaction costs of:			
Performance			
Return after charges	0.02%	(2.87%)	(1.09%)
Other information			
Closing net asset value (£'000)	4,293	6,599	8,199
Closing number of units	5,505,140	8,266,106	9,374,359
Operating charges (note 2)	1.52%	1.24%	1.19%
Direct transaction costs	0.01%	0.04%	0.08%
Prices			
Highest unit price	80.38	88.03	94.28
Lowest unit price	77.02	80.72	88.70

'R' Accumulation shares	Period to 31 March 2019	Year to 30 September 2018	Year to 30 September 2017
Changes in net assets per unit			
	GBP	GBP	GBP
Opening net asset value per unit	171.06	175.63	178.11
Return before operating charges	2.65	(2.43)	(0.39)
Operating charges (note 1)	(2.60)	(2.14)	(2.09)
Return after operating charges*	0.05	(4.57)	(2.48)
Closing net asset value per unit	171.11	171.06	175.63
Retained distributions on accumulated units	4.88	10.51	9.88
	0.02	0.05	0.14
*after direct transaction costs of:			
Performance			
Return after charges	0.03%	(2.60%)	(1.07%)
Other information			
Closing net asset value (£'000)	2,974	3,444	4,722
Closing number of units	1,738,254	2,013,129	2,688,780
Operating charges (note 2)	1.52%	1.24%	1.19%
Direct transaction costs	0.01%	0.04%	0.08%
Prices			
Highest unit price	173.18	177.69	182.45
Lowest unit price	166.61	170.17	169.17

PERFORMANCE RECORD (Continued)

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

Risk 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 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 2019

Holding		Value £'000	31.03.19 %
BOND FUNDS – 72.33% (30.09.18 – 74.98%)			
102,700	Aberdeen Global Brazil Bond Fund	853	6.87
1,737,700	Artemis High Income Fund	1,400	11.27
8,500	Edmond de Rothschild Emerging Bonds Fund	713	5.74
9,700	iShares EM Local Government Bond ETF USD (Dist)	434	3.49
2,320,000	Legal & General Dynamic Bond Trust	1,237	9.96
2,298,750	Schroder High Yield Opportunities Fund	1,193	9.61
8,990	Semper Total Return Fund	887	7.14
1,042,300	TwentyFour Select Monthly Income Fund ¹	955	7.69
120,998	Volta Finance ¹	712	5.73
829,293	VPC Specialty Lending Investments Preferred ¹	600	4.83
TOTAL UNITED KINGDOM		8,984	72.33
EQUITIES – 0.00% (30.09.18 – 23.33%)			
UNITED KINGDOM EQUITY – 13.29% (30.09.18 – 11.22%)			
92,727	Ranger Direct Lending Fund	420	3.38
205,547	Real Estate Credit Investments ¹	348	2.80
619,446	SQN Asset Finance Income ¹	576	4.64
3,500	Tabula European Performance Credit UCITS ETF	307	2.47
TOTAL EUROPE		1,651	13.29
UNITED STATES EQUITY – 0.00% (30.09.18 – 2.92%)			
CONTINENTAL EUROPE EQUITY – 6.16% (30.09.18 – 5.99%)			
1,126,700	Chenavari Toro Income Fund	765	6.16
TOTAL CONTINENTAL EUROPE EQUITY		765	6.16
GLOBAL EQUITY – 2.02% (30.09.18 – 3.20%)			
16,000	CATCo Reinsurance Opportunities Fund	2	0.02
TOTAL JAPAN		2	0.02

PORTFOLIO STATEMENT(Continued)

Holding		Value £'000	31.03.19 %
	EMERGING MARKETS – 4.48% (30.09.18 – 0.00%)		
7,320	Ashmore Emerging Markets Short Duration Inst USD D	557	4.48
	TOTAL EMERGING MARKETS	557	4.48
	FUTURES – 0.38% (30.09.18 – (0.51%))		
28	BP Currency June 2019	(19)	(0.15)
14	US Ultra Bond (CBT) June 2019	66	0.53
	TOTAL FUTURES	47	0.38
	Portfolio of investments ⁴	12,006	96.66
	Net other assets	415	3.34
	Net assets	12,421	100.00

¹Ordinary shares.

²Delisted security.

³Quoted on the Alternative Investment Market (AIM).

⁴ Includes derivative liabilities.

SUMMARY OF MATERIAL PORTFOLIO CHANGES

	£'000
Total sales for the period	4,440
MontLake Angel Oak Multi-Strategy Income UCITS Fund	1,410
Edmond de Rothschild Emerging Bond Fund	691
Invesco Morningstar US Energy Infrastructure MLP UCITS ETF	500
CATCo Reinsurance Opportunities Fund	352
Volta Finance	320
PIMCO Global Investment Grade Credit Fund	315
Tabula European Performance Credit ET	309
AS SICAV Brazil Fund	243
Chenavari Toro Income Fund	156
Schroder High Yield Opportunities Fund	144
Total purchases for period	2,201
Tabula European Performance Credit ET	624
Ashmore Emerging Markets Short Duration Inst USD D	732
iShares EM Local Govt Bond UCITS ETF USD (Dist)	449
Semper Total Return Fund	309
Invesco Morningstar US Energy Infrastructure MLP UCITS ETF	85
CATCo Reinsurance Opportunities Fund	2

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

STATEMENT OF TOTAL RETURN

For the six months ended 31 March 2019 (unaudited)

	£'000	31.03.19 £'000	£'000	31.03.18 £'000
Income				
Net capital (losses)		(389)		(1,033)
Revenue	448		560	
Expenses	(72)		(70)	
Interest payable and similar charges	-		(1)	
Net revenue before taxation	<u>376</u>		<u>489</u>	
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>376</u>		<u>489</u>
Total return before distributions		(13)		(544)
Finance costs: distributions		<u>(372)</u>		<u>(474)</u>
Change in net assets attributable to shareholders from investment activities		<u><u>(385)</u></u>		<u><u>(1,018)</u></u>

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 March 2018 (unaudited)

	31.03.19 £'000	31.03.18 £'000
Opening net assets attributable to shareholders	15,481	19,032
Amounts receivable on creation of shares	225	283
Amounts payable on redemption of shares	(3,096)	(1,614)
Dividends reinvested	196	259
Change in net assets attributable to shareholders from investment activities (see above)	<u>(385)</u>	<u>(1,018)</u>
Closing net assets attributable to shareholders	<u><u>12,421</u></u>	<u><u>16,942</u></u>

The Investment Association SORP requires that comparatives are shown for the above report. As comparatives should be for the comparable interim period the net asset value at the end of the period will not agree to the net asset value at the start of the period. The company net asset value as at 30 September 2018 was £15,481,000.

BALANCE SHEET

As at 31 March 2019 (unaudited)

	£'000	31.03.19 £'000	£'000	30.09.18 £'000
ASSETS				
Investment assets		12,024		15,306
Debtors	114		402	
Cash and bank balances	394		144	
Total other assets		<u>508</u>		<u>546</u>
Total assets		<u>12,532</u>		<u>15,852</u>
LIABILITIES				
Investment liabilities		(18)		(109)
Creditors				
Bank overdraft	-		(102)	
Distribution payable	(61)		(119)	
Other creditors	(32)		(41)	
Total liabilities		<u>(93)</u>		<u>(371)</u>
Net assets attributable to shareholders		<u>12,421</u>		<u>15,481</u>

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the Annual Financial Statements for the period ended 30 September 2018 and are described in those annual 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 Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

DIVIDEND TABLES

First Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 October 2018

Group 2 – Shares purchased on or after 1 October 2018 and on or before 31 October 2018.

‘A’ Income shares

	Dividend paid 31.12.18	Equalisation	Distribution paid 31.12.18	Distribution paid 31.12.17
Group 1	0.4108p	-	0.4108p	0.4151p
Group 2	0.2751p	0.1357p	0.4108p	0.4151p

‘A’ Accumulation shares

	Dividend paid 31.12.18	Equalisation	Distribution paid 31.12.18	Distribution paid 31.12.17
Group 1	0.4789p	-	0.4789p	0.4563p
Group 2	0.3316p	0.1473p	0.4789p	0.4563p

‘R’ Income shares

	Dividend paid 31.12.18	Equalisation	Distribution paid 31.12.18	Distribution paid 31.12.17
Group 1	0.3750p	-	0.3750p	0.3750p
Group 2	0.0795p	0.2955p	0.3750p	0.3750p

‘R’ Accumulation shares

	Dividend paid 31.12.18	Equalisation	Distribution paid 31.12.18	Distribution paid 31.12.17
Group 1	0.8033p	-	0.8033p	0.7607p
Group 2	0.0786p	0.7247p	0.8033p	0.7607p

Second Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 November 2018

Group 2 – Shares purchased on or after 1 November 2018 and on or before 30 November 2018.

‘A’ Income shares

	Dividend paid 31.01.19	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.4106p	-	0.4106pp	0.4120p
Group 2	0.0075p	0.4031p	0.4106p	0.4120p

‘A’ Accumulation shares

	Dividend paid 31.01.19	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.4807p	-	0.4807p	0.4551p
Group 2	0.0000p	0.4807p	0.4807p	0.4551p

DIVIDEND TABLES (Continued)

'R' Income shares

	Dividend paid 31.01.19	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.3750p	-	0.3750p	0.3750p
Group 2	0.0000p	0.3750p	0.3750p	0.3750p

'R' Accumulation shares

	Dividend paid 31.01.19	Equalisation	Distribution paid 31.01.19	Distribution paid 31.01.18
Group 1	0.8072p	-	0.8072p	0.7592p
Group 2	0.0000p	0.8072p	0.8072p	0.7592p

Third Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 December 2018

Group 2 – Shares purchased on or after 1 December 2018 and on or before 31 December 2018.

'A' Income shares

	Dividend payable 28.02.19	Equalisation	Distribution payable 28.02.19	Distribution paid 28.02.18
Group 1	0.4105p	-	0.4105p	0.4119p
Group 2	0.0874p	0.3231p	0.4105p	0.4119p

'A' Accumulation shares

	Dividend payable 28.02.19	Equalisation	Distribution payable 28.02.19	Distribution paid 28.02.18
Group 1	0.4823p	-	0.4823p	0.4522p
Group 2	0.1734p	0.3089p	0.4823p	0.4522p

'R' Income shares

	Dividend payable 28.02.19	Equalisation	Distribution payable 28.02.19	Distribution paid 28.02.18
Group 1	0.3750p	-	0.3750p	0.3750p
Group 2	0.0000p	0.3750p	0.3750p	0.3750p

'R' Accumulation shares

	Dividend payable 28.02.19	Equalisation	Distribution payable 28.02.19	Distribution paid 28.02.18
Group 1	0.8097p	-	0.8097p	0.7544p
Group 2	0.0000p	0.8097p	0.8097p	0.7544p

DIVIDEND TABLES (Continued)

Fourth Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2019

Group 2 – Shares purchased on or after 1 January 2019 and on or before 31 January 2019.

‘A’ Income shares

	Dividend payable 31.03.19	Equalisation	Distribution payable 31.03.19	Distribution paid 31.03.18
Group 1	0.4104p	-	0.4104p	0.4122p
Group 2	0.0555p	0.3549p	0.4104p	0.4122p

‘A’ Accumulation shares

	Dividend payable 31.03.19	Equalisation	Distribution payable 31.03.19	Distribution paid 31.03.18
Group 1	0.4839p	-	0.4839p	0.4556p
Group 2	0.0368p	0.4471p	0.4839p	0.4556p

‘R’ Income shares

	Dividend payable 31.03.19	Equalisation	Distribution payable 31.03.19	Distribution paid 31.03.18
Group 1	0.3750p	-	0.3750p	0.3750p
Group 2	0.0280p	0.3470p	0.3750p	0.3750p

‘R’ Accumulation shares

	Dividend payable 31.03.19	Equalisation	Distribution payable 31.03.19	Distribution paid 31.03.18
Group 1	0.8126p	-	0.8126p	0.7604p
Group 2	0.0000p	0.8126p	0.8126p	0.7604p

Fifth Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 February 2019

Group 2 – Shares purchased on or after 1 February 2019 and on or before 28 February 2019.

‘A’ Income shares

	Dividend paid 30.04.19	Equalisation	Distribution paid 30.04.19	Distribution paid 30.04.18
Group 1	1.0301p	-	1.0301p	0.4122p
Group 2	1.0301p	-	1.0301p	0.4122p

‘A’ Accumulation shares

	Dividend paid 30.04.19	Equalisation	Distribution paid 30.04.19	Distribution paid 30.04.18
Group 1	0.4858p	-	0.4858p	0.4582p
Group 2	0.1692p	0.3166p	0.4858p	0.4582p

DIVIDEND TABLES (Continued)

'R' Income shares

	Dividend paid 30.04.19	Equalisation	Distribution paid 30.04.19	Distribution paid 30.04.18
Group 1	0.3750p	-	0.3750p	0.3750p
Group 2	0.0170p	0.3580p	0.3750p	0.3750p

'R' Accumulation shares

	Dividend paid 30.04.19	Equalisation	Distribution paid 30.04.19	Distribution paid 30.04.18
Group 1	0.8160p	-	0.8160p	0.7654p
Group 2	0.1693p	0.6467p	0.8160p	0.7654p

Sixth Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 March 2019

Group 2 – Shares purchased on or after 1 March 2019 and on or before 31 March 2019.

'A' Income shares

	Dividend payable 31.05.19	Equalisation	Distribution payable 31.05.19	Distribution paid 31.05.18
Group 1	0.4098p	-	0.4098p	0.4120p
Group 2	0.4098p	-	0.4098p	0.4120p

'A' Accumulation shares

	Dividend payable 31.05.19	Equalisation	Distribution payable 31.05.19	Distribution paid 31.05.18
Group 1	0.4889p	-	0.4889p	0.4601p
Group 2	0.4889p	-	0.4889p	0.4601p

'R' Income shares

	Dividend payable 31.05.19	Equalisation	Distribution payable 31.05.19	Distribution paid 31.05.18
Group 1	0.375p	-	0.375p	0.3750p
Group 2	0.375p	-	0.375p	0.3750p

'R' Accumulation shares

	Dividend payable 31.05.19	Equalisation	Distribution payable 31.05.19	Distribution paid 31.05.18
Group 1	0.8227p	-	0.8227p	0.7687p
Group 2	0.8227p	-	0.8227p	0.7687p

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 INVESTORS

Distribution

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

Individual shareholders

HM Revenue and Customs changed the taxation of dividends on 6 April 2016. Dividend tax credits were abolished and replaced by a tax-free annual dividend allowance currently 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 £12,000 (2019/20) 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 2018 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 subsequently 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

Authorised Corporate Director	<p>To 25 March 2019</p> <p>City Financial Investment Company Limited 62 Queen Street London EC4R 1EB</p> <p>From 25 March 2019</p> <p>Valu-Trac Investment Management Limited Orton Fochabers Moray IV32 7QE</p> <p>Telephone: 01343 880344 Fax: 01343 880267 E-mail: gy@valu-trac.com</p> <p>Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648</p>
Registrar	<p>Link Fund Administrators Limited Arlington Business Centre Millshaw Park Lane Leeds LS11 0NE</p>
Administrator	<p>Link Fund Administrators Limited 6th Floor, 65 Gresham Street London EC2V 7NQ</p>
Investment Manager	<p>To 25 March 2019</p> <p>City Financial Investment Company Limited 62 Queen Street London EC4R 1EB</p> <p>From 25 March 2019</p> <p>Garraway Capital Management LLP 6th Floor Becket House 36 Old Jewry London EC2R 8DD</p>
Depository	<p>The Bank of New York Mellon (International) Limited One Canada Square London E14 5AL</p> <p>Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority</p>
Auditor	<p>Johnston Carmichael LLP Commerce House South Street Elgin Moray IV30 1JE</p>