

# THE MULBEN INVESTMENT FUNDS

Annual Report and Financial Statements  
For the year ended 31 March 2014

# THE MULBEN INVESTMENT FUNDS

<b>Contents</b>	<b>Page</b>
Directory	1
Statement of the Authorised Corporate Director's Responsibilities	2
Certification of Accounts by the Authorised Corporate Director	2
Statement of the Depositary's Responsibilities and Report	3
Independent Auditors' Report to the Members of the Company	4
Aggregated Statement of Total Return	6
Aggregated Statement of Change in Net Assets Attributable to Shareholders	6
Aggregated Balance Sheet	7
Aggregated Notes to the Financial Statements	8
<b>The VT icf Absolute Return Portfolio</b>	
Investment Objective and Policy	19
Investment Manager's Report	20
Portfolio Statement	21
Significant Portfolio Changes	22
Comparative Tables	23
Statement of Total Return	25
Statement of Change in Net Assets Attributable to Shareholders	25
Balance Sheet	26
Notes to the Financial Statements	27
<b>The VT De Lisle America Fund</b>	
Investment Objective and Policy	34
Investment Manager's Report	35
Portfolio Statement	36
Significant Portfolio Changes	40
Comparative Tables	41
Statement of Total Return	43
Statement of Change in Net Assets Attributable to Shareholders	43
Balance Sheet	44
Notes to the Financial Statements	45
General Information	52

# THE MULBEN INVESTMENT FUNDS

## Directory

### Authorised Corporate Director & Registrar

Valu-Trac Investment Management Limited

Orton, Fochabers, Moray, IV32 7QE

Telephone: 01343 880344

Fax: 01343 880267

(Authorised and regulated by the Financial Conduct Authority)

### Investment Managers

icf management limited

40 Gracechurch Street, London, EC3V 0BT

(Authorised and regulated by the Financial Conduct Authority)

De Lisle Partners LLP

Cliff House, 8A Westminster Road, Poole, BH13 6JW

(Authorised and regulated by the Financial Conduct Authority)

### Fund Managers

The VT icf Absolute Return Portfolio

Mark Lynam

Jeremy Suffield

The VT De Lisle America Fund

Richard de Lisle

### Depository

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)

### Auditors

Johnston Carmichael LLP

Chartered Accountants

7 – 11 Melville Street, Edinburgh, EH3 7PE

## THE MULBEN INVESTMENT FUNDS

### Statement of the Authorised Corporate Director's Responsibilities

The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company at the end of the financial year and its net revenues and net capital gains/losses for the year. 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 Management Association in October 2010, 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

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, we hereby certify the report.

Anne A. Laing CA

Martin J Henderson

Valu-Trac Investment Management Limited  
Authorised Corporate Director

30 July 2014

Date .....

## THE MULBEN INVESTMENT FUNDS

### **Statement of the Depositary's Responsibilities and Report of the Depositary**

The depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the depositary to take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Scheme sourcebook (COLL), as amended, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended (the 'OEIC Regulations'), the Company's instrument of incorporation, and prospectus in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and 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 authorised corporate director:

- (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 revenue in accordance with COLL and, where applicable, the OEIC Regulations, the instrument of incorporation and prospectus of the company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the company

National Westminster Bank Plc  
1 April 2014

## THE MULBEN INVESTMENT FUNDS

### **Independent Auditors' Report to the Members of The Mulben Investment Funds (The Company)**

We have audited the Company's (or, as the case may be, each Sub-Fund's) financial statements for the year ended 31 March 2014 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders, Balance Sheet, the related Notes to the Financial Statements and the Distribution Tables. The financial statements have been prepared under the accounting policies as set out therein.

This report is made solely to the Company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Sub-Funds' members those matters we are required to state to them in an auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of the ACD and Auditors**

As explained more fully in the ACD's Responsibilities Statement set out on page 2, the ACD 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 (APB'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 ACD; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## THE MULBEN INVESTMENT FUNDS

### **Independent Auditors' Report to the Members of The Mulben Investment Funds (The Company) (Continued)**

#### **Opinion**

In our opinion;

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Company as at 31 March 2014 (and of each Sub-Fund) and of the net revenue and the net capital gains on the property of the Company (and of each Sub-Fund) for the year then ended;
- the financial statements have been properly prepared in accordance with the IMA Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the report of the ACD is consistent with the financial statements;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- we have received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.

30 July 2014

Johnston Carmichael LLP  
Chartered Accountants  
Statutory Auditors  
Edinburgh

## THE MULBEN INVESTMENT FUNDS

### Statement of Total Return for the year ended 31 March 2014

	Note	01.04.13 - 31.03.14		01.04.12 - 31.03.13	
		£	£	£	£
Income					
Net capital gains	2		1,569,763		3,442,341
Revenue	3	238,497		326,500	
Expenses	4	(262,128)		(204,518)	
Finance costs: Interest	6	<u>(213)</u>		<u>(283)</u>	
Net (expenses)/income before taxation		(23,844)		121,699	
Taxation	5	<u>(36,539)</u>		<u>(52,766)</u>	
Net expense after taxation			(60,383)		68,933
<b>Total return before distributions</b>			1,509,380		3,511,274
Finance costs: Distributions	6		-		(45,649)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,509,380</b>		<b>3,465,625</b>

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 March 2014

	01.04.13 - 31.03.14		01.04.12 - 31.03.13	
	£	£	£	£
<b>Opening net assets attributable to shareholders</b>		18,295,135		13,631,803
Amounts receivable on issue of shares	3,557,609		3,621,786	
Less: Amounts paid on cancellation of shares	<u>(1,186,823)</u>		<u>(2,468,700)</u>	
		2,370,786		1,153,086
Distribution accumulated		-		45,649
Stamp duty reserve tax		(33)		(1,028)
Dilution Levy		6,500		-
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		1,509,380		3,465,625
<b>Closing net assets attributable to shareholders</b>		<b>22,181,768</b>		<b>18,295,135</b>



# THE MULBEN INVESTMENT FUNDS

## Balance Sheet

as at 31 March 2014

		31.03.14		31.03.13	
	Note	£	£	£	£
<b>ASSETS</b>					
<b>Investment assets</b>			22,044,609		18,097,241
Debtors	7	33,773		152,218	
Bank balances		<u>565,267</u>		<u>213,360</u>	
Total other assets			599,040		365,578
<hr/>					
<b>Total assets</b>			22,643,649		18,462,819
<hr/>					
<b>LIABILITIES</b>					
<b>Investment liabilities</b>			-		-
Creditors	8	(335,732)		(33,181)	
Bank overdrafts		<u>(126,149)</u>		<u>(134,503)</u>	
<b>Total other liabilities</b>			(461,881)		(167,684)
<hr/>					
<b>Total liabilities</b>			(461,881)		(167,684)
<hr/>					
<b>Net assets attributable to shareholders</b>			<b>22,181,768</b>		<b>18,295,135</b>
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# THE MULBEN INVESTMENT FUNDS

## Notes to the Aggregated Financial Statements

for the year ended 31 March 2014

### 1. Accounting Policies

#### (a) Basis of accounting

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 ("SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association in October 2010.

#### (b) Basis of aggregation

The aggregate financial statements represent the sum of the individual Sub-Funds within the umbrella company.

#### (c) Recognition of revenue

Revenue is included in the Statement of Total Return on the following basis:

Dividends on quoted equities and preference shares are recognised when the shares are quoted ex-dividend.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment and does not form part of the distributable revenue.

All revenue includes withholding taxes but excludes irrecoverable tax credits.

#### (d) Treatment of stock and special dividends

The ordinary element of stocks received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. The tax accounting treatment follows the treatment of the principal amount.

#### (e) Treatment of expenses

All expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, are charged against revenue for the year on an accruals basis.

# THE MULBEN INVESTMENT FUNDS

## Notes to the Aggregated Financial Statements

continued

### (f) Taxation

Corporation tax is provided at 20% on revenue, after deduction of expenses.

Where overseas tax has been deducted from overseas income that tax can, in some instances, be set off against the corporation tax payable, by way of double tax relief.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation purposes, calculated at the rate at which it is anticipated the timing difference will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Stamp duty reserve tax suffered on surrender of shares is deducted from capital.

### (g) Distribution policy

The net revenue after taxation, as disclosed in the financial statements, after adjustments for items of a capital nature, is accumulated to shareholders as dividend.

Distributions not claimed within a six year period will be forfeited and added back to the capital property of the Sub-Fund.

### (h) Basis of valuation of investments

Listed investments are valued at close of business mid priced excluding any accrued interest in the case of fixed interest securities. On the last business day of the accounting year a mid to bid adjustment is made in the portfolio statement to revalue the portfolio to bid priced.

Collective investment schemes are valued at quoted mid prices for dual priced funds and at quoted price for single priced funds. On the last business day of the accounting period a mid to bid adjustment is made as appropriate in the portfolio statement to revalue the portfolio to bid priced.

Unlisted or suspended investments are valued by the Investment Manager taking into account where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

### (i) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transaction. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the closing exchange rates ruling on that date.

### (j) Dilution levy

The ACD may require a dilution levy on the sale and redemption of shares if, in its opinion, the existing Shareholders (for redemption) might otherwise be adversely affected. In particular, the dilution levy may be charged in the following circumstances: where the scheme property is in continual decline; on a Sub-Fund experiencing large levels of net sales relative to its size; on 'large deals'; in any case where the ACD is of the opinion that the interests of remaining Shareholders require the imposition of a dilution levy.

# THE MULBEN INVESTMENT FUNDS

## Notes to the Aggregated Financial Statements

continued

### 2. Net Capital Gains

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
Non-derivative securities	2,805,495	2,741,791
Currency losses	(1,227,902)	706,492
Transaction charges	(7,830)	(5,942)
<hr/>		
<b>Net capital gains</b>	<b>1,569,763</b>	<b>3,442,341</b>
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### 3. Revenue

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
Overseas dividends	221,345	305,897
Franked investment income	16,700	19,636
Interest	452	967
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<b>Total revenue</b>	<b>238,497</b>	<b>326,500</b>
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# THE MULBEN INVESTMENT FUNDS

## Notes to the Aggregated Financial Statements

continued

### 4. Expenses

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
Payable to the Authorised Corporate Director (ACD) associates of the ACD and agents of either of them:		
ACD's fee	25,207	22,068
Payable to the Investment Managers, associates of the Investment Managers and agents of either of them:		
Investment Managers fees	184,803	130,435
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	36,296	35,743
Safe custody and other bank charges	1,381	4,260
	37,677	40,003
Other expenses:		
Audit fee (including VAT)	13,914	11,309
FCA fee	527	703
	14,441	12,012
<b>Total expenses</b>	<b>262,128</b>	<b>204,518</b>

# THE MULBEN INVESTMENT FUNDS

## Notes to the Aggregated Financial Statements

continued

### 5. Taxation

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
<b>(a) Analysis of charge in the period</b>		
Overseas tax	36,539	52,766
<hr/>		
<b>Total tax charge (note 5b)</b>	<b>36,539</b>	<b>52,766</b>
<hr/> <hr/>		
<b>(b) Factors affecting taxation charge for the period</b>		
Net (expense)/income before taxation	(23,844)	121,699
Corporation tax at 20%	(4,769)	24,340
 Effects of:		
Non taxable dividends	(44,269)	(61,179)
UK non taxable dividends	(3,340)	(3,927)
Surplus management expenses	52,378	40,766
Overseas tax expenses	36,539	52,766
<hr/>		
<b>Total tax charge (note 5a)</b>	<b>36,539</b>	<b>52,766</b>
<hr/> <hr/>		

**(c) Deferred Tax**

At the period end there is a potential deferred tax asset of £167,291 in relation to surplus management expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax has been recognized in the current period.

# THE MULBEN INVESTMENT FUNDS

## Notes to the Aggregated Financial Statements

continued

### 6. Finance Costs

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
<b>Distributions</b>		
The distributions take account of income received on the creation of shares and revenue deducted on cancellation of shares and comprise:		
Final	-	45,649
<b>Finance costs: Distributions</b>	-	45,649
Finance costs: Interest	213	283
<b>Total finance costs</b>	<b>213</b>	<b>45,932</b>

#### Reconciliation of net expense after taxation to net distributions:

Net (expense)/revenue after taxation per statement of total return	(60,383)	68,933
Revenue deficit carried forward from earlier periods	-	(58,255)
Revenue deficit at period end funded from capital	60,383	34,971
<b>Finance costs: Distributions</b>	-	<b>45,649</b>

### 7. Debtors

	31.03.14	31.03.13
	£	£
Overseas dividends	9,024	12,092
Unfranked dividends	1,190	1,190
Outstanding subscriptions	22,080	138,936
Outstanding trades	1,479	-
<b>Total debtors</b>	<b>33,773</b>	<b>152,218</b>

# THE MULBEN INVESTMENT FUNDS

## Notes to the Aggregated Financial Statements

continued

### 8. Creditors

	<b>31.03.14</b>	<b>31.03.13</b>
	£	£
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD fees	2,124	1,918
Amounts payable to the Investment Managers, associates of the Investment Managers and agents of either of them:		
Investment Managers fees	16,853	12,523
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	2,737	2,762
Safe custody and other bank charges	1,585	2,084
	4,322	4,846
Other expenses:		
FCA fee	734	208
Audit fee	13,800	13,686
	14,534	13,894
Unsettled trades	297,899	-
<b>Total creditors</b>	<b>335,732</b>	<b>33,181</b>



# THE MULBEN INVESTMENT FUNDS

## Notes to the Aggregated Financial Statements

continued

### 9. Related Party Transactions

Authorised Corporate Director and other fees payable to Valu-Trac Investment Management Limited (the ACD) are disclosed in note 4 and amounts due at the period end are shown in note 8.

Management fees payable to the Investment Managers are disclosed in note 4 and amounts due at the period end are shown in note 8.

Depositary and other fees payable to National Westminster Bank Plc are disclosed in note 4 and amounts due at the period end are shown in note 8.

### 10. Contingent Liabilities and Commitments

Details of contingent liabilities or outstanding commitments are set out in the notes to the accounts for the relevant Sub-Fund.

### 11. Derivatives and other Financial Instruments

In pursuing their investment objectives, the Sub-Funds may hold a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from the Sub-Funds' operations, for example in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued revenue.

The Sub-Funds may also enter into a range of derivative transactions whose purpose is efficient portfolio management. In addition the Sub-Fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD.

The main risks arising from financial instruments and the ACD's policies for managing these risks are stated below. These policies have been applied throughout the period under review.

#### Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Sub-Fund might suffer through holding market positions in the face of price movements. This means the value of an investor's holding may go down as well as up and an investor may not recover the amount invested. Investors should consider the degree of exposure of the Sub-Fund in the context of all their investments.

The Sub-Funds' investment portfolios are exposed to market price fluctuations, which are monitored by the ACD as per the policies as set out in the Prospectus. The investment guidelines and investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the Financial Conduct Authority's Collective Investment Schemes Sourcebook describe the nature of the market risk to which the Sub-Fund will be exposed.

# THE MULBEN INVESTMENT FUNDS

## Notes to the Aggregated Financial Statements

continued

### 11. Derivatives and other Financial Instruments (continued)

#### Currency risk

Although the Sub-Funds' capital and revenue are denominated in sterling, a proportion of the Sub-Funds' investments have currency exposure and, as a result, the revenue and capital value of the Sub-Funds are affected by currency movements.

Foreign currency risk is the risk that the value of the Sub-Funds' investments will fluctuate as a result of changes in foreign currency exchange rates. For those Sub-Funds where a proportion of the net assets of the Sub-Fund is denominated in currencies other than sterling, the balance sheet can be affected by movements in exchange rates. The ACD monitors the foreign currency exposure of the Sub-Funds and may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies.

Details of foreign currency risk profile per Sub-Fund is set out in the notes to the accounts of the relevant Sub-Fund.

#### Interest rate risk

Interest rate risk is the risk that the value of investments will fluctuate as a result of interest rate changes. The majority of the Sub-Funds' assets comprise equity shares which neither pay interest nor have a maturity date.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

Details of interest rate risk profile per Sub-Funds' is set out in the notes to the accounts of the relevant Sub-Fund.

#### Credit risk

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principle in a timely manner. Secondly, for asset backed investments (including Commercial Paper (CP) and Floating Rate Notes (FRN)) there is the possibility of default of the issuer and default in the underlying assets meaning that a Sub-Fund may not receive back the full principle originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-Fund has fulfilled its responsibilities, which could result in the Sub-Fund suffering a loss. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

# THE MULBEN INVESTMENT FUNDS

## Notes to the Aggregated Financial Statements

continued

### 11. Derivatives and other Financial Instruments (continued)

#### Liquidity risk

There is little exposure to credit or cash flow risk. There is no net borrowings or unlisted securities and so little exposure to liquidity risk.

Liquidity risk is the risk that a Sub-Fund cannot raise sufficient cash to meet its liabilities when due. One of the key factors influencing this will be the ability to sell investments at, or close to, the fair value without a significant loss being realised. Recent market issues following the credit crunch resulted in a significant reduction in liquidity of the bond markets and FRN markets in particular.

Under normal circumstances, a Sub-Fund will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of redemptions in the Sub-Fund, the Sub-Fund may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of shares.

The ACD manages the Sub-Funds' cash to ensure they can meet their liabilities. The ACD receives daily reports on subscriptions and redemptions enabling the ACD to raise cash from the Sub-Funds' portfolio in order to meet redemption requests. In addition the ACD monitors market liquidity of all securities, with particular focus on the CP and FRN markets, seeking to ensure the Sub-Funds maintain sufficient liquidity to meet known and potential redemption activity. Sub-Fund cash balances are monitored daily by the ACD and the Investment Manager. All of the Sub-Funds' financial liabilities are payable on demand or in less than one year.

#### Counterparty risk

The risk that the counterparty will not deliver the investments for a purchase or the cash for a sale after the Sub-Fund has fulfilled its responsibilities which could result in the Sub-Fund suffering a loss. The Investment Manager minimizes the risk by conducting trades through only the most reputable counter parties.

# THE MULBEN INVESTMENT FUNDS

## **Notes to the Aggregated Financial Statements**

continued

### **11. Derivatives and other Financial Instruments (continued)**

#### **Derivatives**

Sub-Funds may enter into derivative or forward transactions only for the purpose of hedging with the aim of reducing the risk profile of the Sub-Funds in accordance with the principles of Efficient Portfolio Management (EPM).

In the opinion of the ACD there is no sophisticated derivative use within the Sub-Funds and accordingly a sensitivity analysis is not presented in the individual Sub-Fund financial statements.

#### **Fair value of financial assets and liabilities**

There is no material difference between the carrying values and the fair values of the financial instruments disclosed in the balance sheet.

### **12. Portfolio Transaction Costs**

Details of portfolio transaction costs are set out in the notes to the accounts for the relevant Sub-Fund.

## THE VT ICF ABSOLUTE RETURN PORTFOLIO

### **Investment Objective**

The objective of the Sub-Fund is to achieve a consistent absolute return over the long term irrespective of market conditions.

### **Investment Policy**

The Sub-Fund will invest in a diverse mix of absolute return oriented collective investment schemes. The Sub-Fund may also invest in listed closed-end funds, transferable securities, cash deposits and money market funds.

## THE VT ICF ABSOLUTE RETURN PORTFOLIO

### Investment Manager's Report

A hiker crossing a wild landscape will stop to take stock of their position, take in the views, collect their thoughts. Although the here and now is important, they want to work out where they are in relation to where they have been and where they think they are going. Over the last twelve months, the heres and the nows may have let us observe the troubles of the world, debate the nutritional qualities of horsemeat or note the passing of great statesmen and women, but the uncharted territory of quantitative easing has made navigation difficult. Our guess is that QE3 was intended to be the last of the easy terrain and that central banks wanted to embark on some form of 'quantitative tightening'. Because their map is not complete, every time they pull out the compass they find they aren't quite where they thought, or the terrain is harder than expected. Of course the lack of cartography means the transition from QE(3) to QT was always likely to get stuck in some sort of quantitative flat lining (QFL). This environment leaves investors needing to take their own bearings. Equity investors surveyed the landscape, remained optimistic and scrambled on. The UK stock market gained 6.7%. Bond investors found a terrain of QE reductions altogether more demanding, and the Gilt market shed 4.5%. The absolute return universe also stumbled, ending the 12 months down 2.2%. Your fund navigated slightly better to post a gain of 2.9%. We were helped along the journey by the skills of groups such as Odey and Old Mutual.

It is likely that the route through 2014 will be bumpy and lie somewhere between the paths labelled QE4 and QFL. Central banks know where they want to get to, have a rough idea of where they have been, but need to do the cartographer's work. Until the route becomes clearer they will tread carefully. Financial markets are adjusting to the more tricky landscape, but like a hiker crossing a wild landscape without a map can do little more than take in the views or collect their thoughts.

For our part we are aware that we have a good mix of assets in the fund, and have commented throughout the year on their navigational abilities. The additions over the year of Castlerigg in the merger arbitrage arena and Avoca (long/short credit) enhance that ability. Just after our year end we also made an investment with Frankfurt based First Private, a group we have known for many years. We look forward to reporting on their progress through 2014.

As ever, we welcome investors that have joined us over the last twelve months and thank all existing investors for their continued support. The VT icf Absolute Return Portfolio is now available on the AXA Elevate, Cofunds Institutional, Transact and Ascentric platforms and through SIPP and ISA providers such as AJ Bell, Killik & Co and Charles Stanley Direct.

# THE VT ICF ABSOLUTE RETURN PORTFOLIO

## Portfolio Statement

as at 31 March 2014

Holding	Security	Value (Note 1h) £	% of Total Net Assets %
<b>Investment Companies 91.03% (2013 – 92.76%)</b>			
850	Personal Assets Trust Plc Ordinary	285,260	5.93
25,000	Dexion Absolute Limited	41,468	0.86
125,000	Ruffer Investment Company Limited	261,875	5.45
6,000	BH Macro Limited	115,350	2.40
1,500	Julius Baer Absolute Return Bond Fund	195,930	4.07
300,000	Artemis Strategic Assets Fund	238,185	4.95
350,000	S&W Kennox Strategic Value Fund	379,750	7.90
918	AC Risk Parity 12 Fund	95,381	1.98
291,100	Kames UK Equity Absolute Return Fund	340,209	7.08
150,000	CF Odey UK Absolute Return Fund	447,795	9.31
230,000	CF Eclectica Absolute Macro Fund	217,672	4.53
225,000	Old Mutual Global Equity Absolute Return	321,638	6.69
80,000	Polar Capital - Insurance	258,840	5.38
24	Exane Fund 1 - Archimedes Fund	321,104	6.68
2,500	Schroder GAIA Avoca Credit C Accumulation	258,375	5.37
312,500	Premier Defensive Growth Fund	357,500	7.43
2,015	Castlerigg Merger Arbitrage	241,238	5.02
		<hr/>	<hr/>
		4,377,570	91.03
<b>Liquidity Funds 6.03% (2013 - 5.18%)</b>			
250,000	Short-Term Inv Co (Global Series) - £ Liquidity	250,000	5.20
40,000	Deutsche Managed Sterling Fund	40,000	0.83
		<hr/>	<hr/>
		290,000	6.03
<b>Derivatives - Forward Currency Contract (0.05%) (2013 - 0.17%)</b>			
	Sold eur 385,581 Bought £317,237 (04.06.14)	(2,568)	(0.05)
		<hr/>	<hr/>
	<b>Investment assets</b>	<b>4,665,002</b>	<b>97.01</b>
	<b>Net other assets</b>	<b>145,069</b>	<b>3.02</b>
		<hr/>	<hr/>
	<b>Adjustment to revalue assets from Mid to Bid prices</b>	<b>(1,511)</b>	<b>(0.03)</b>
		<hr/>	<hr/>
	<b>Net assets</b>	<b>4,808,560</b>	<b>100.00</b>

## THE VT ICF ABSOLUTE RETURN PORTFOLIO

### Significant Portfolio Changes

for the year ended 31 March 2014

#### Major purchases during the year

	<b>Cost</b>
	<b>£</b>
Premier Defensive Growth Fund	352,724
Schroder GAIA Avoca Credit C Accumulation	249,401
Castlerigg Merger Arbitrage	241,647
Short-term Inv Co (Global Series) - £ Liquidity	215,000
Artemis Strategic Assets Fund	92,250
Other purchases	<u>83,688</u>
<b>Total Purchases for the year (note 12)</b>	<b><u><u>1,234,710</u></u></b>

#### Major sales during the year

	<b>Proceeds</b>
	<b>£</b>
Polar Capital - Insurance	127,640
Julius Baer Absolute Return Bond Fund	127,337
Short-term Inv Co (Global series) - £ Liquidity	115,000
CF Eclectica Absolute Macro Fund	99,210
Artemis Strategic Assets Fund	97,557
Other sales	<u>135,610</u>
<b>Total Sales for the year (note 12)</b>	<b><u><u>702,354</u></u></b>



## THE VT ICF ABSOLUTE RETURN PORTFOLIO

### Comparative Tables

#### Net Asset Values

Share Class	Accumulation of Shares		
	Net asset value (£)	No. of shares in issue	Net asset value (pence per share)
Class F 2012 <sup>^</sup>	3,577,996	3,472,413	103.04
Class F 2013 <sup>^</sup>	4,068,096	3,651,435	111.41
Class F 2014 <sup>^</sup>	4,810,070	4,195,106	114.66

<sup>^</sup> As at 31 March

#### Price History

The table below shows the highest buying and lowest selling prices on a calendar year basis in pence per share since launch. Past performance is not necessarily a guide to the future performance.

Share Class	Accumulation of Shares	
	Highest (pence)	Lowest (pence)
Class F 2010 <sup>^</sup>	103.14	99.37
Class F 2011	104.85	99.89
Class F 2012	105.23	100.10
Class F 2013	114.64	104.59
Class F 2014 <sup>^^</sup>	115.92	113.46

<sup>^</sup> Launched 6 August 2010

<sup>^^</sup> To 31 March 2014

#### Distribution Record

Share Class	Accumulation of Shares	
	Net revenue per share (pence)	
Class F 2011	0.0000	
Class F 2012	0.0000	
Class F 2013	0.0000	
Class F 2014 <sup>^</sup>	0.0000	

<sup>^</sup> To 31 March 2014

#### Ongoing Charges Figure <sup>^</sup>

Share Class	31 March 2014 %	31 March 2013 %
Class F	2.76	2.94

<sup>^</sup> The ongoing charges figure is annualised based on the fees suffered during the accounting period together with the underlying charges included within the fund portfolio holdings.

# THE VT ICF ABSOLUTE RETURN PORTFOLIO

## **Comparative Tables**

continued

### **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 in a lower category because funds of this type have experienced low to medium rises and falls in value in the past. Please note that even the lowest risk class can lose money and that extreme market circumstances can mean you suffer severe losses in all cases.

### **Risk Warning**

An investment in an Investment Company with Variable Capital should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past Performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rate, which can be favourable or unfavourable.

## THE VT ICF ABSOLUTE RETURN PORTFOLIO

### Statement of Total Return for the year ended 31 March 2014

	Note	01.04.13 - 31.03.14		01.04.12 - 31.03.13	
		£	£	£	£
Income					
Net capital gains	2		172,601		334,472
Revenue	3	17,152		20,603	
Expenses	4	(61,699)		(55,557)	
Finance costs: Interest	6	<u>(7)</u>		<u>(17)</u>	
Net expenses before taxation		(44,554)		(34,971)	
Taxation	5	<u>-</u>		<u>-</u>	
Net expense after taxation			(44,554)		(34,971)
<b>Total return before distributions</b>			128,047		299,501
Finance costs: Distributions	6		-		-
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>128,047</b>		<b>299,501</b>

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 March 2014

	01.04.13 - 31.03.14		01.04.12 - 31.03.13	
	£	£	£	£
<b>Opening net assets attributable to shareholders</b>		4,063,007		3,571,232
Amounts receivable on issue of shares	677,895		2,594,551	
Less: Amounts paid on cancellation of shares	<u>(60,356)</u>		<u>(2,401,249)</u>	
		617,539		193,302
Stamp duty reserve tax		(33)		(1,028)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		128,047		299,501
<b>Closing net assets attributable to shareholders</b>		<b>4,808,560</b>		<b>4,063,007</b>

## THE VT ICF ABSOLUTE RETURN PORTFOLIO

### Balance Sheet

as at 31 March 2014

			31.03.14		31.03.13
	Note	£	£	£	£
<b>ASSETS</b>					
<b>Investment assets</b>			4,663,491		3,981,426
Debtors	7	13,210		31,670	
Bank balances		<u>314,146</u>		<u>132,805</u>	
Total other assets			327,356		164,475
<hr/>					
<b>Total assets</b>			4,990,847		4,145,901
<hr/>					
<b>LIABILITIES</b>					
<b>Investment liabilities</b>			-		-
Creditors	8	(65,546)		(11,291)	
Bank overdrafts		<u>(116,741)</u>		<u>(71,603)</u>	
<b>Total other liabilities</b>			(182,287)		(82,894)
<hr/>					
<b>Total liabilities</b>			(182,287)		(82,894)
<hr/>					
<b>Net assets attributable to shareholders</b>			<b>4,808,560</b>		<b>4,063,007</b>
<hr/> <hr/>					

# THE VT ICF ABSOLUTE RETURN PORTFOLIO

## Notes to the Financial Statements

for the year ended 31 March 2014

### 1. Accounting Policies

The Sub-Fund's financial statements have been prepared on the same basis as the Aggregated Financial Statements

### 2. Net Capital Gains

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
Non-derivative securities	156,541	338,662
Currency gains/(losses)	16,730	(3,393)
Transaction charges	(670)	(797)
<b>Net capital gains</b>	<b>172,601</b>	<b>334,472</b>

### 3. Revenue

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
Franked investment income	16,700	19,636
Interest	452	967
<b>Total revenue</b>	<b>17,152</b>	<b>20,603</b>

# THE VT ICF ABSOLUTE RETURN PORTFOLIO

## Notes to the Financial Statements

continued

### 4. Expenses

	<b>01.04.13 - 31.03.14</b>	<b>01.04.12 - 31.03.13</b>
	£	£
Payable to the Authorised Corporate Director (ACD) associates of the ACD and agents of either of them:		
ACD's fee	12,603	11,745
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	22,458	18,382
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	18,148	17,871
Safe custody and other bank charges	1,270	1,564
	19,418	19,435
Other expenses:		
Audit fee (including VAT)	6,957	5,644
FCA fee	263	351
	7,220	5,995
<b>Total expenses</b>	<b>61,699</b>	<b>55,557</b>

# THE VT ICF ABSOLUTE RETURN PORTFOLIO

## Notes to the Financial Statements

continued

### 5. Taxation

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
<hr/>		
(a) Analysis of charge in the period		
<b>Total tax charge (note 5b)</b>	-	-
<hr/> <hr/>		
(b) Factors affecting taxation charge for the period		
Net expense before taxation	<u>(44,554)</u>	<u>(34,971)</u>
Corporation tax at 20%	(8,911)	(6,994)
Effects of:		
UK non taxable dividends	(3,340)	(3,927)
Surplus management expenses	12,251	10,921
<b>Total tax charge (note 5a)</b>	-	-
<hr/> <hr/>		

(c) Deferred Tax

At the period end there is a potential deferred tax asset of £44,359 in relation to surplus management expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax has been recognized in the current period.

# THE VT ICF ABSOLUTE RETURN PORTFOLIO

## Notes to the Financial Statements

continued

### 6. Finance Costs

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
<b>Distributions</b>		
The distributions take account of income received on the creation of shares and revenue deducted on cancellation of shares and comprise:		
Final	-	-
	-	-
<b>Finance costs: Distributions</b>	-	-
Finance costs: Interest	7	17
<b>Total finance costs</b>	<b>7</b>	<b>17</b>

#### Reconciliation of net expense after taxation to net distributions:

Net expense after taxation per statement of total return	(44,554)	(34,971)
Revenue deficit at period end funded from capital	44,554	34,971
<b>Finance costs: Distributions</b>	-	-

### 7. Debtors

	31.03.14	31.03.13
	£	£
Unfranked dividends	1,190	1,190
Outstanding subscriptions	12,020	30,480
<b>Total debtors</b>	<b>13,210</b>	<b>31,670</b>



# THE VT ICF ABSOLUTE RETURN PORTFOLIO

## Notes to the Financial Statements

continued

### 8. Creditors

	31.03.14	31.03.13
	£	£
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	1,062	959
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	2,043	1,561
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	-	1,381
Safe custody and other bank charges	924	443
	924	1,824
Other expenses:		
Audit fee	6,900	6,843
FCA fee	367	104
	7,267	6,947
Unsettled Trades	54,250	-
<b>Total creditors</b>	<b>65,546</b>	<b>11,291</b>

### 9. Related Party Transactions

Authorised Corporate Director and other fees payable to Valu-Trac Investment Management Limited (the ACD) and disclosed in note 4 and amounts due at the period end are shown in note 8.

Management fees payable to icf management limited (the Investment Manager) are disclosed in note 4 and amounts due at the period end are shown in note 8.

Depositary and other fees payable to National Westminster Bank Plc are disclosed in note 4 and amounts due at the period end are shown in note 8.

### 10. Contingent Liabilities and Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date.

# THE VT ICF ABSOLUTE RETURN PORTFOLIO

## Notes to the Financial Statements

continued

### 11. Derivatives and other Financial Instruments

The main risk arising from financial instruments and the ACD's policies for managing these risks are disclosed in note 11 of the Notes to the Aggregated Financial Statements on page 15.

#### Currency risk

The table below details the foreign currency risk profile at the balance sheet date.

31.03.14

Currency	Monetary exposures £	Non-Monetary exposures £	Total £
Euro	-	318,536	318,536
Sterling	145,069	4,344,955	4,490,024
	<b>145,069</b>	<b>4,663,491</b>	<b>4,808,560</b>

#### Interest rate risk

The tables below detail the interest rate profile at the balance sheet date.

31.03.14

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Euro	-	-	318,536	318,536
Sterling	314,146	-	4,358,165	4,672,311
	<b>314,146</b>	<b>-</b>	<b>4,676,701</b>	<b>4,990,847</b>

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Sterling	(116,741)	(65,546)	(182,287)
	<b>(116,741)</b>	<b>(65,546)</b>	<b>(182,287)</b>

# THE VT ICF ABSOLUTE RETURN PORTFOLIO

## Notes to the Financial Statements

continued

### 12. Portfolio Transaction Costs

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
Analysis of purchases		
Purchases before transaction costs	1,234,650	571,756
Transaction costs:		
Commissions	60	438
<b>Total Purchase cost</b>	<b>1,234,710</b>	<b>572,194</b>
Analysis of sales		
Sales before transaction costs	702,354	484,597
Transaction costs:		
Commissions and other charges	0	(103)
<b>Total Sales proceeds</b>	<b>702,354</b>	<b>484,494</b>

## THE VT DE LISLE AMERICA FUND

### **Investment Objective**

The Sub-Fund will aim to achieve a long term return.

### **Investment Policy**

The Sub-Fund will invest primarily in equities and other investments in America (and may also invest in Canada). The Sub-Fund will invest in, predominantly, listed securities, typically common stock and American Depositary Receipts listed on US exchanges, including exchange traded funds. The Sub-Fund may invest in collective schemes, transferable securities, cash deposits and money market funds permitted by the FCA Rules.

# THE VT DE LISLE AMERICA FUND

## **Investment Manager's Report**

For the year ended 31 March 2014

### **Investment Objectives and Policy**

The Sub-Fund seeks to achieve capital appreciation by investing in US smaller companies. Typically, 85% of the portfolio is in US companies of market capitalization less than \$500 million and the rest is in larger US companies. The portfolio will consist of equity securities quoted on the US stock markets.

### **Manager's Review**

The share classes within the Sub-Fund rose by 9.49% for the Class B GBP and 20.51% for the Class B USD in the year ending 31st March 2014, while the S&P500 Index rose by 19.32%. The reason for the difference in performance between the GBP and USD classes is due to foreign exchange weakening of the dollar and strengthening of the pound. We gave up some relative performance in the second half as small caps hit the wall, but still finished with a decent year during which we won the Lipper US Equities Three Year award and the Money Observer US Smaller Companies Three Year award.

Our philosophy is to remain with small caps oriented towards value as they are the outperforming class and so staying with them is our default position. In the short term this is a mistake as the general fear of tapering has seen risk being taken off the table wherever possible. This year the winners have been large caps with few previous profits and decent yields, and, in keeping with this rush for the safe ground, utilities have been the best group. Small stocks are deemed unsafe from liquidity considerations and also because they have good profits from the last five years. My view is this is the pause that refreshes, as we build to a small cap peak three or four years hence, in the longer cycle of stock valuations. We are currently in an unwanted backwater of the market but valuations inhibit us from rotating into the fashion.

Our biggest holdings remain MWI Vets, Westwood group and Monarch: a growth stock, a fund manager and a community bank, all of which have underperformed recently even though their fundamentals remain intact. In the last year, we have added Murphy USA and Rite Aid in retail, First Interstate and MDU Resources in Dakota's fracking boom, and yet we are generally tinkering as turnover, at 20%, remains low.

It may well be that we underperform the S&P500 in 2014, as we did in 2000 and 2008. The current market is not momentum-driven, nor particularly themed, which makes wangling a result quite hard. However, just because our stocks are quiet does not mean we are losing money and we are comfortable with the overall valuations of our 110 stocks. We feel we won't be out of favour forever.

# THE VT DE LISLE AMERICA FUND

## Portfolio Statement

as at 31 March 2014

Holding	Security	Value (Note 1h) £	% of Total Net Assets %
<b>Financials 32.84% (2013 - 24.83%)</b>			
10,603	Access National Corporation Common	103,498	0.60%
2,250	American National Bankshares	30,284	0.17%
15,309	BCB Bancorp	121,377	0.70%
6,834	Bank of South Carolina	62,026	0.36%
14,801	BNC Bancorp	153,013	0.88%
4,000	Cardinal Financial	42,193	0.24%
12,135	Carolina Bank Holdings	74,994	0.43%
2,500	Central Pacific Financial	30,126	0.17%
1,800	Compass Diversified Holdings	20,301	0.12%
5,823	DNB Financial	70,765	0.41%
1,869	East West Bancorp	40,036	0.23%
6,000	Farmers Capital Bank	86,273	0.50%
26,319	Firstbank Corp	292,802	1.69%
3,069	First Financial Holdings	112,848	0.65%
10,000	First Interstate Bancsystem	166,531	0.96%
10,700	First Merchants	136,848	0.79%
3,564	German American Bancorp	60,808	0.35%
6,500	Hanmi Financial Corp	89,967	0.52%
25,383	India Fund	350,108	2.02%
5,000	Ishares MSCI Russia	52,862	0.30%
7,507	Landmark Bancorp	88,005	0.51%
14,200	Medallion Financial	112,073	0.65%
3,000	Middleburg Financial	31,402	0.18%
7,194	Mid Penn Bancorp	63,543	0.37%
106,969	Monarch Financial Holdings	784,471	4.52%
1,191	Morgan Stanley India Investment Fund	13,905	0.08%
2,903	Pacific Continental	23,941	0.14%
27,009	People's Bancorp of North Carolina	252,116	1.45%
5,284	Park Sterling Corporation	20,685	0.12%
3,500	Preferred Bank	54,448	0.31%
7,200	Pulaski Financial	44,928	0.26%
5,000	Rockville Financial	40,664	0.23%
27,062	Southern National Bancorp of Virginia	165,453	0.95%
1,100	United Financial Bancorp	12,072	0.07%
8,163	United Bankshares	146,829	0.85%
121,332	Vantagesouth Bancshares	497,941	2.87%
2,000	West Bancorporation	17,575	0.10%
24,310	Westwood Holdings	904,915	5.21%
15,000	Wilshire Bancorp	98,378	0.57%
18,179	Yadkin Valley Financial	228,023	1.31%
		<b>5,699,027</b>	<b>32.84%</b>
<b>Consumer Staples 6.01% (2013 - 9.75%)</b>			
7,251	Calavo Growers	152,950	0.88%
6,200	Craft Brewers Alliance	55,732	0.32%
54,316	Rocky Mountain Chocolate Factory	382,178	2.20%
28,573	Village Super Market Class 'A'	454,284	2.61%
		<b>1,045,144</b>	<b>6.01%</b>

# THE VT DE LISLE AMERICA FUND

## Portfolio Statement

continued

Holding	Security	Value (Note 1h) £	% of Total Net Assets %
<b>Materials 5.35% (2013 – 7.27%)</b>			
53,497	Handy & Harman	678,577	3.91%
3,000	MDU Resources Group	61,018	0.35%
12,690	UFP Technologies	188,835	1.09%
		928,430	5.35%
<b>Consumer Discretionary 17.59% (2013 – 21.18%)</b>			
54,220	Barry (R.G.)	597,341	3.43%
19,990	Books-A-Million	27,386	0.16%
35,622	Carriage Services	376,608	2.17%
4,954	Charles & Colvard	8,752	0.05%
56,619	Comstock Homebuilding	58,005	0.33%
20,000	Crown Crafts	94,998	0.55%
2,200	Dollar General	73,254	0.42%
14,253	Dover Saddlery	45,861	0.26%
4,000	Franklin Covey	47,805	0.28%
7,500	Fred's Inc – Class A	81,591	0.47%
31,000	Jewett-Cameron Trading	184,314	1.06%
16,161	Johnson Outdoors – Class A	243,981	1.40%
4,004	Kona Grill	48,142	0.28%
105,000	Marine Products	462,146	2.65%
2,000	Multi-Color corporation	40,805	0.23%
6,600	Rocky Brands Inc	56,948	0.33%
6,500	Service Corp International	75,008	0.43%
8,577	Shiloh Industries	90,060	0.52%
3,686	Steiner Leisure Limited	101,449	0.58%
2,000	StoneMor Partners LP Unit	30,038	0.17%
4,859	Strattec Security Corp	207,805	1.20%
65,821	Summer Infant	82,066	0.47%
3,236	U.S. Concrete Inc Class B Warrant 31-08-2017	0	0.00%
3,236	U.S. Concrete Inc Class A Warrant 31-08-2017	0	0.00%
52,323	U-Swirl Inc	26,742	0.15%
		3,061,105	17.59%

# THE VT DE LISLE AMERICA FUND

## Portfolio Statement

continued

Holding	Security	Value (Note 1h) £	% of Total Net Assets %
<b>Industrials 17.32% (2013 - 16.50%)</b>			
3,646	Alamo Group	112,365	0.65%
9,138	DXP Enterprises	510,256	2.94%
9,408	Encore Wire	265,719	1.53%
1,200	Espey Manufacturing and Electronics	19,793	0.11%
9,000	Gencor Industries	56,620	0.33%
1,300	Genesee & Wyoming	75,364	0.43%
4,000	Gorman-Rupp Co	75,133	0.43%
5,862	Hardinge	50,439	0.29%
10,524	Hyster-Yale Materials	596,661	3.43%
18,000	Manitex International	170,293	0.98%
556	National Presto Inds	25,608	0.15%
8,000	Orion Marine Group	59,342	0.34%
20,800	Rexnord Corp	356,072	2.05%
4,793	SL Industries	71,452	0.41%
1,000	SP Plus Corporation	15,490	0.09%
25,500	TriMas Corporation	507,395	2.92%
2,500	Universal Truckload Services	42,354	0.24%
		<u>3,010,356</u>	<u>17.32%</u>
<b>Information Technology 7.18% (2013 – 6.67%)</b>			
16,000	Ballantyne Strong Inc	44,993	0.26%
5,000	Clearone Inc	31,981	0.18%
10,800	Computer Task Group	107,173	0.62%
60,000	Frontier Communications Corp	202,434	1.17%
14,700	Gerber Scientific	0	0.00%
29,957	Mocon	293,585	1.69%
7,500	Moduslink Global Solutions	19,265	0.11%
500	MRV Communications	4,365	0.03%
19,392	Richardson Electronics Ltd	126,017	0.73%
32,194	Wayside Technology Group	383,698	2.20%
15,600	Westell Technologies Inc	33,792	0.19%
		<u>1,247,303</u>	<u>7.18%</u>
<b>Energy 3.76% (2013 – 1.47%)</b>			
12,800	Murphy USA Inc	312,915	1.80%
13,000	World Fuel Services	342,175	1.96%
		<u>655,090</u>	<u>3.76%</u>



# THE VT DE LISLE AMERICA FUND

## Portfolio Statement

continued

Holding	Security	Value (Note 1h) £	% of Total Net Assets %
<b>Health 10.29% (2013 - 11.83%)</b>			
6,000	Ensign	156,196	0.90%
7,000	Female Health Co	31,903	0.18%
700	Henry Schein	49,529	0.29%
1,200	Hi-Tech Pharmacal	31,247	0.18%
13,353	MWI Veterinary Supply	1,211,459	6.98%
2,061	National Research Class A	20,334	0.12%
5,001	National research Class B	127,560	0.73%
11,713	Span-America Medical Systems	156,066	0.91%
		<u>1,784,294</u>	<u>10.29%</u>
<b>Investment assets</b>		<b>17,430,749</b>	<b>100.34%</b>
<b>Net other assets</b>		<b>(7,910)</b>	<b>(0.05)%</b>
<b>Adjustment to revalue assets from Mid to Bid prices</b>		<b>(49,631)</b>	<b>(0.29)%</b>
<b>Net assets</b>		<b><u>17,373,208</u></b>	<b><u>100.00%</u></b>

## THE VT DE LISLE AMERICA FUND

### Significant Portfolio Changes

for the year ended 31 March 2014

#### Major purchases during the year

	<b>Cost</b>
	<b>£</b>
Murphy USA Inc	327,685
Firstbank Corp	338,453
Rexnord Corp	259,467
Rocky Mountain Chocolate Factory	189,968
Alamo Group	165,598
Other purchases	4,561,397
<b>Total Purchases for the year (note 12)</b>	<b>5,842,568</b>

#### Major sales during the year

	<b>Proceeds</b>
	<b>£</b>
Balchem Corp	276,619
Drew Industries	221,056
Craft Brewers Alliance	196,799
J & J Snack Foods	174,952
Computer Task Group	159,730
Other sales	2,959,413
<b>Total Sales for the year (note 12)</b>	<b>3,988,569</b>

## THE VT DE LISLE AMERICA FUND

### Comparative Tables

#### Net Asset Values

Share Class	Accumulation of Shares		
	Net asset value	No. of shares in issue	Net asset value
Class B 2012 <sup>^</sup>	£4,280,224	3,164,864	135.24p
Class B 2013 <sup>^</sup>	£6,333,780	3,584,539	176.70p
Class B 2014 <sup>^</sup>	£8,354,754	4,318,600	193.46p
Class B USD\$ 2012 <sup>^</sup>	\$9,294,388	6,635,954	140.06c
Class B USD\$ 2013 <sup>^</sup>	\$12,014,113	6,948,610	172.90c
Class B USD\$ 2014 <sup>^</sup>	\$15,091,561	7,242,806	208.37c

<sup>^</sup> As at 31 March

#### Price History

The table below shows the highest buying and lowest selling prices on a calendar year basis in pence per share since launch. Past performance is not necessarily a guide to the future performance.

Share Class	Accumulation of Shares	
	Highest (pence)	Lowest (pence)
Class B 2010 <sup>^</sup>	120.99p	97.18p
2011	139.93p	105.92p
2012	145.53p	119.75p
2013	202.03p	142.43p
2014 <sup>^^</sup>	201.28p	187.81p
Class B USD\$ 2010 <sup>^</sup>	118.92c	92.78c
2011	142.53c	106.08c
2012	150.63c	120.93c
2013	215.40c	150.15c
2014 <sup>^^</sup>	214.67c	198.56c

<sup>^</sup> Launched 11 August 2010

<sup>^^</sup>To 31 March 2014

#### Distribution Record

Share Class	Accumulation of Shares
	Net revenue per share
Class B 2011 <sup>^</sup>	0.0000p
2012 <sup>^</sup>	0.0000p
2013 <sup>^</sup>	0.5600p
2014 <sup>^</sup>	0.0000p
Class B US\$ 2011 <sup>^</sup>	0.0000c
2012 <sup>^</sup>	0.0000c
2013 <sup>^</sup>	0.5600c
2014 <sup>^</sup>	0.0000c

<sup>^</sup> To 31 March

## THE VT DE LISLE AMERICA FUND

### Comparative Tables (Continued)

#### Ongoing Charges ^

Share Class	31 March 2014 %	31 March 2013 %
Class B	1.29	1.33
Class B US\$	1.29	1.33

^ The ongoing charges are annualised based on the fees incurred during the accounting period.

#### 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 in a higher category because the price of its investments has risen or fallen frequently and more dramatically than some other types of investment. The higher the rank, the greater the potential reward but the greater the risk of losing money.

#### Risk Warning

As Investment in an Investment Company with Variable Capital should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

## THE VT DE LISLE AMERICA FUND

### Statement of Total Return for the year ended 31 March 2014

	Note	01.04.13 - 31.03.14		01.04.12 - 31.03.13	
		£	£	£	£
Income					
Net capital gains	2		1,397,162		3,107,869
Revenue	3	221,345		305,897	
Expenses	4	(200,429)		(148,961)	
Finance costs: Interest	6	<u>(206)</u>		<u>(266)</u>	
Net revenue before taxation		20,710		156,670	
Taxation	5	<u>(36,539)</u>		<u>(52,766)</u>	
Net (expense)/revenue after taxation			(15,829)		103,904
<b>Total return before distributions</b>			<b>1,381,333</b>		<b>3,211,773</b>
Finance costs: Distributions	6		-		(45,649)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,381,333</b>		<b>3,166,124</b>

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 March 2014

	01.04.13 - 31.03.14		01.04.12 - 31.03.13	
	£	£	£	£
<b>Opening net assets attributable to shareholders</b>		14,232,128		10,060,571
Amounts receivable on issue of shares	2,879,714		1,027,235	
Less: Amounts paid on cancellation of shares	<u>(1,126,467)</u>		<u>(67,451)</u>	
		1,753,247		959,784
Distribution accumulated		-		45,649
Dilution Levy		6,500		-
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		1,381,333		3,166,124
<b>Closing net assets attributable to shareholders</b>		<b>17,373,208</b>		<b>14,232,128</b>

# THE VT DE LISLE AMERICA FUND

## Balance Sheet

as at 31 March 2014

		31.03.14		31.03.13	
	Note	£	£	£	£
<b>ASSETS</b>					
<b>Investment assets</b>			17,381,118		14,115,815
Debtors	7	20,563		120,548	
Bank balances		<u>251,121</u>		<u>80,555</u>	
Total other assets			271,684		201,103
<hr/>					
<b>Total assets</b>			17,652,802		14,316,918
<hr/>					
<b>LIABILITIES</b>					
Creditors	8	(270,186)		(21,890)	
Bank overdrafts		<u>(9,408)</u>		<u>(62,900)</u>	
<b>Total other liabilities</b>			(279,594)		(84,790)
<hr/>					
<b>Total liabilities</b>			(279,594)		(84,790)
<hr/>					
<b>Net assets attributable to shareholders</b>			<b>17,373,208</b>		<b>14,232,128</b>

# THE VT DE LISLE AMERICA FUND

## Notes to the Financial Statements

for the year ended 31 March 2014

### 1. Accounting Policies

The Sub-Fund's financial statements have been prepared on the same basis as the Aggregated Financial Statements.

### 2. Net Capital Gains

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
Non-derivative securities	2,648,954	2,403,129
Currency gains/(losses)	(1,244,632)	709,885
Transaction charges	(7,160)	(5,145)
<b>Net capital gains</b>	<b>1,397,162</b>	<b>3,107,869</b>

### 3. Revenue

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
Overseas dividends	221,345	305,897
<b>Total revenue</b>	<b>221,345</b>	<b>305,897</b>

# THE VT DE LISLE AMERICA FUND

## Notes to the Financial Statements

continued

### 4. Expenses

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
Payable to the Authorised Corporate Director (ACD) associates of the ACD and agents of either of them: ACD's fee	12,604	10,323
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them: Investment Manager's fee	162,345	112,053
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	18,148	17,872
Safe custody and other bank charges	111	2,696
	18,259	20,568
Other expenses:		
Audit fee (including VAT)	6,957	5,665
FCA fee	264	352
	7,221	6,017
<b>Total expenses</b>	<b>200,429</b>	<b>148,961</b>



# THE VT DE LISLE AMERICA FUND

## Notes to the Financial Statements

continued

### 5. Taxation

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
(a) Analysis of charge in the period		
Overseas tax	36,539	52,766
<hr/>		
<b>Total tax charge (note 5b)</b>	<b>36,539</b>	<b>52,766</b>
<hr/>		
(b) Factors affecting taxation charge for the period		
Net revenue/(expense) before taxation	<u>20,710</u>	<u>156,670</u>
Corporation tax at 20%	4,142	31,334
Effects of:		
Non taxable dividends	(44,269)	(61,179)
Surplus management expenses	40,127	29,845
Overseas tax expenses	36,539	52,766
<hr/>		
<b>Total tax charge (note 5a)</b>	<b>36,539</b>	<b>52,766</b>
<hr/>		

#### (c) Deferred Tax

At the period end there is a potential deferred tax asset of £122,932 in relation to surplus management expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax has been recognized in the current period.

# THE VT DE LISLE AMERICA FUND

## Notes to the Financial Statements

continued

### 6. Finance Costs

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
<b>Distributions</b>		
The distributions take account of income received on the creation of shares and revenue deducted on cancellation of shares and comprise:		
Final	-	45,649
	<hr/>	<hr/>
<b>Finance costs: Distributions</b>	-	45,649
	<hr/>	<hr/>
Finance costs: Interest	206	266
	<hr/>	<hr/>
<b>Total finance costs</b>	<b>206</b>	<b>45,915</b>

#### Reconciliation of net expense after taxation to net distributions:

Net (expense)/revenue after taxation per statement of total return	(15,829)	103,904
Revenue deficit carried forward from earlier periods	-	(58,255)
Revenue deficit at period end funded from capital	15,829	-
	<hr/>	<hr/>
<b>Finance costs: Distributions</b>	-	<b>45,649</b>

### 7. Debtors

	31.03.14	31.03.13
	£	£
Overseas dividends	9,024	12,092
Outstanding subscriptions	10,060	108,456
Outstanding trades	1,479	-
	<hr/>	<hr/>
<b>Total debtors</b>	<b>20,563</b>	<b>120,548</b>

# THE VT DE LISLE AMERICA FUND

## Notes to the Financial Statements

continued

### 8. Creditors

	31.03.14	31.03.13
	£	£
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	1,062	959
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	14,810	10,962
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	2,737	1,381
Safe custody and other bank charges	661	1,641
	3,398	3,022
Other expenses:		
Audit fee	6,900	6,843
FCA fee	367	104
	7,267	6,947
Outstanding trades	243,649	-
<b>Total creditors</b>	<b>270,186</b>	<b>21,890</b>

### 9. Related Party Transactions

Authorised Corporate Director and other fees payable to Valu-Trac Investment Management Limited (the ACD) are disclosed in note 4 and amounts due at the period end are shown in note 8.

Management fees payable to De Lisle Partners LLP (the Investment Manager) are disclosed in note 4 and amounts due at the period end are shown in note 8.

Depositary and other fees payable to National Westminster Bank Plc are disclosed in note 4 and amounts due at the period end are shown in note 8.

### 10. Contingent Liabilities and Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date.

# THE VT DE LISLE AMERICA FUND

## Notes to the Financial Statements

continued

### 11. Derivatives and other Financial Instruments

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in note 11 of the Notes to the Aggregated Financial Statements on page 15.

#### Currency risk

The table below details the foreign currency risk profile at the balance sheet date.

31.03.14

Currency	Monetary exposures £	Non-Monetary exposures £	Total £
Sterling	(5,587)	-	(5,587)
US Dollar	(2,323)	17,381,118	17,378,795
	<b>(7,910)</b>	<b>17,381,118</b>	<b>17,373,208</b>

#### Interest rate risk

The tables below detail the interest rate risk profile at the balance sheet date.

31.03.14

Currency	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Sterling	20,298	-	10,060	30,358
US Dollar	230,823	-	17,391,621	17,622,444
	<b>251,121</b>	<b>-</b>	<b>17,401,681</b>	<b>17,652,802</b>

Currency	Floating rate Financial liabilities £	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Sterling	(9,408)	-	(26,537)	(35,945)
US Dollar	-	-	(243,649)	(243,649)
	<b>(9,408)</b>	<b>-</b>	<b>(270,186)</b>	<b>(279,594)</b>

# THE VT DE LISLE AMERICA FUND

## Notes to the Financial Statements

continued

### 12. Portfolio Transaction Costs

	01.04.13 - 31.03.14	01.04.12 - 31.03.13
	£	£
Analysis of purchases		
Purchases before transaction costs	5,833,848	4,142,074
Transaction costs:		
Commissions	8,720	6,172
<b>Total Purchase cost</b>	<b>5,842,568</b>	<b>4,148,246</b>
<hr/>		
Analysis of sales		
Sales before transaction costs	3,994,188	3,216,754
Transaction costs:		
Commissions and other charges	(5,619)	(3,869)
<b>Total Sales proceeds</b>	<b>3,988,569</b>	<b>3,212,885</b>
<hr/>		

# THE MULBEN INVESTMENT FUNDS

## General Information

### Authorised Status

The Mulben Investment Funds (the “Company”) is incorporated in England and Wales as an ICVC under registration number IC00816. The shareholders are not liable for the debts of the Company.

The Company is authorised by the FCA as a UCITS Scheme under the COLL Sourcebook and is an umbrella company for the purposes of the OEIC Regulations with each Fund being a UCITS Scheme. The effective date of the authorisation order made by the FSA (predecessor of the FCA) was 19 May 2010.

### Head Office

The head office of the Company is at Suite 150-153, 2<sup>nd</sup> Floor, Temple Chambers, Temple Avenue, London, EC4Y 0DA.

### Base Currency

The base currency of the Company is Pounds Sterling.

### Share Capital

The minimum share capital of the Company is £1 and the maximum is £150,000,000,000.

### Structure of the Company

The Mulben Investment Funds is structured as an umbrella company. Provision exists for an unlimited number of Sub-Funds, and at the date of this Report two Sub-Funds, The VT icf Absolute Return Portfolio and The VT De Lisle America Fund are 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 12:00 mid day 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.

# THE MULBEN INVESTMENT FUNDS

## General Information

continued

### 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:

[icf@valu-trac.com](mailto:icf@valu-trac.com) for deals relating to The VT icf Absolute Return Portfolio

[delisle@valu-trac.com](mailto:delisle@valu-trac.com) for deals relating to The VT De Lisle America 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 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 Management Association website at [www.investmentuk.org](http://www.investmentuk.org). Neither, the ACD nor the Company can be held responsible for any errors in the publication of the prices. The shares in the company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

### Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected free of charge at the office of the ACD which is also the Head Office of the Company and copies may be obtained upon application.