

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

Annual Report and Financial Statements
for the year ended 31 December 2017

LETTER TO INVESTORS

This letter was first written in 2015. It remains relevant to anyone thinking of investing in the fund.

Kent, 2015

Dear Potential Investor,

Warren Buffett calls ‘**The Intelligent Investor**’ by Benjamin Graham (1949) ‘the best book on investing ever written’. It ends ‘To achieve satisfactory investment results is easier than most people realise; to achieve superior results is harder than it looks’.

If you want a satisfactory return, then things have improved since 1949. How? One word: Vanguard.

Vanguard Group, founded by Jack Bogle, pioneered index funds. These deliver market returns at very low cost. Yes, you get the ups and downs. But, prepared for these by the excellent Vanguard website, you should stay the course and earn a satisfactory return.

Thistledown aims for a superior return? How? By dealing with Mr Market, the manic-depressive.

Mr Market is a mythical character from ‘**The Intelligent Investor**’. He is manic-depressive and as his mood swings so does the price he offers to buy and sell parts of businesses (shares). Happy he offers silly prices for our shares; sad, he’ll sell at silly prices.

Who is Mr. Market and how can we avoid being like him?

He doesn’t exist, but stands for ‘groupthink’ in the financial market. Think of the Dotcom mania of 1999/2000, or the financial boom and bust of 2008/09. One year the crowd believes good times will last forever, the next that the recession will never end. Thistledown does its best to stand apart, focussing on what a company is worth, its intrinsic value, not the market price which the crowd determines. We aim to buy below intrinsic value. We don’t try to forecast in a conventional sense; ‘**forecasts tell you more about the forecaster than the future**’ as Warren Buffett wrote. But broadly we believe that intrinsic value acts as a magnet, which pulls prices to it over time. A view supported by the work of the Nobel Economist Robert Shiller*.

The chef eats here.

We have over 80% of our equity investments in the fund. But, although this approach sounds easy, it isn’t. Ignoring current opinion is hard, results aren’t guaranteed and superior returns are not delivered consistently. Yet this approach is behind numerous successful investment partnerships. And it is supported by academic studies showing cheap companies and cheap markets provide better returns than expensive companies or markets.

So far so good.

Since the fund started in December 2010 it has returned over 10% per annum after costs.

Yours sincerely,
Dominic Fisher

* Market Volatility. Robert J. Shiller MIT Press 1989

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INVESTMENT MANAGER'S ANNUAL REVIEW

Investment Managers Annual Review

Introduction.

The fund is now seven years old and has returned nearly 10% a year after all fees since it started, ahead of a rise in UK inflation of 3% a year. I hope that this return matches your expectations. I am fortunate to have the chance to manage your savings and, while looking forward to the next seven years, expect them to be more challenging than the last seven.

Warren Buffett's company Berkshire Hathaway released its annual report recently. The report is valuable because it provides a detailed explanation of the company's successes and failures as well as broader investment insights. This year's report is no exception. And, reading it, several insights appeared relevant to your investment in this fund. Before discussing these, I'll comment on the objectives of the fund, the investment approach, the performance of the fund and the costs you pay.

Objective

The objective of the fund is 'to provide income while investing to provide some capital growth over the medium to long term'. It is difficult to generate income from investments now. Equity yields, interest rates and bond yields are at historic lows because of the decade-long policy of suppressing interest rates to deal with the 2008 financial crisis. There are further challenges in the area that is the best home for long-term savings, equities. First, the internet destroys established businesses so that apparently cheap companies, a hunting ground for value investors, are in fact doomed. Doomed businesses cannot be relied on to pay steady income. Next, income-hungry investors are willing to pay very high prices (by historical standards) for rather slow growing but well-established companies paying regular dividends. Tobacco companies with declining volumes or slow-growing food and drink companies are examples. The fund has avoided both areas which means that capital appreciation, not income has contributed most to returns. Finally, the fund will not offset expenses against capital. This is a common tactic to increase the distributed income, but makes no sense. The UK tax system taxes income more highly than capital gains; charging expenses to capital reduces the capital gain and boosts income. This is superficially attractive as funds can advertise a higher income yield but the underlying investor loses out by paying more tax than they need to.

Approach to investing

The fund invests following value principles. I distinguished last year between Warren Buffett 1.0 and Warren Buffett 2.0. Or if you prefer old and new. Both styles have been successful, but the 2.0 version, with its emphasis on high quality, franchise protected businesses is more popular. It has also been more successful since the financial crash. I am sticking with the old style. The essence of this is to 'be greedy when others are fearful and fearful when others are greedy'. But what is not clear from what I have written here or in the past is my family's commitment to the fund.

Nassim Taleb is a caustic commentator on financial markets and famed as the author of 'The Black Swan: The impact of the highly improbable'

In his latest book; 'Skin in the Game: Hidden Asymmetries in Daily Life' he writes '*Never trust anyone who doesn't have skin in the game. Without it, fools and crooks will benefit, and their mistakes will never come back to haunt them*'.

My first investor had the same idea when he remarked; "*The thing is, every day as Dominic eats his cornflakes he's looking at his biggest investor, his wife*". Broadly, 85% of our savings are in the fund. This level of commitment is quite unusual in investment management, although familiar to many small businesses. Of course, while this commitment insures we suffer and celebrate along with you it doesn't insure success. There are plenty of people in business that fail, and there are plenty more who take too little risk, knowing what's at stake. I am alert to both dangers and, with so much at stake, aim to avoid them by selecting value investments spread across industries and geographies and holding reserves. That is what has driven returns in the last seven years and will drive returns in the next.

Performance.

The fund returned 9.6% last year. The return was behind the UK stock market but is reasonably ahead of the market since inception; 95% against 87%. If you want independent assessment of the fund returns Trustnet and Morningstar provide this free on their websites; the figures are good. I wrote last year that volatility matters, although most value managers don't think so. Since the fund started it has been around half as volatile as UK equity market, with the ballast provided by the investments in bonds and cash helping. This ballast has reduced return; had the fund been fully invested we would all be richer. But, and this is the first quote from Warren Buffet '*it is insane to risk what you have and need in order to obtain what you don't need*'. If this quote sums up your position, as it does mine, good. I intend to continue in a similar vein.

Transactions

Combined purchases and sales in the year were £ 5.2 million, or around 38% of the value of the fund at the year-end. The quarterly report details individual transactions so here I'll make some general comments.

First, the level of turnover equates to holding an investment for five years before selling it. An internet search suggests that the average holding period on the New York Stock Exchange is around 8 months. So these are low transaction levels by industry standards. The investments made are in companies that can be held for a long time, either because they are better companies than average but not priced as such, or out of favour with investors and priced too cheaply. It's great if investments are quickly reappraised but a mistake to look for quick wins, as that is likely to involve second guessing the herd. That's much more difficult than it looks and more draining emotionally than letting time work for you. Investing is stressful enough without adding the need to be constantly alert to changing sentiment.

Second, the figures overstate the turnover in equity investments. The fund has been investing in short-dated bonds for some years, part of the ballast mentioned above. Being short-dated, they need replacing as they mature. This process accounts for around a third of turnover.

Costs

The Statement of Total Return on page 14 lists the fund costs. They were £146,410 or roughly 1.1% of the value of the fund at the end of the year, around the level of the last three years. A third of costs are fixed so if the fund grows they would be spread more widely and more thinly. The fund has attracted few new investors recently. There are numerous reasons but one is the broad mandate. If the fund was more specialised it would have more appeal. You will not see the mandate or approach changing for marketing purposes.

The Performance Record on page 24 shows the return of the Z class income share. The operating charges of 1.4% are higher than the 1.1% cited above. The difference between the two numbers is accounted for by fees paid to other investment managers. It makes sense to invest with other managers investing in countries or instruments that are not accessible to a small fund; Japanese equities or foreign government bonds are examples held now in the fund. The amount invested with other managers will vary over time, but paying fees will never prevent the fund investing in an area if it appears attractive.

Berkshire Hathaway

Warren Buffett and his business partner Charlie Munger have managed Berkshire Hathaway for 53 years generating returns of over 20% per annum. Einstein's eighth wonder of the world, compounding, has turned a \$100 investment 53 years ago into over \$2 million today. This achievement explains why he is one of the world's wealthiest men and why investors wait eagerly for the publication of the annual report containing his letter to shareholders. There are many lessons in what he writes; some seemed relevant to this fund.

The first lesson could be summed up; 'Don't try this at home'. Warren recommends that everyone, from the richest to the smallest investor, invests using index funds. I agree and for some years have given potential investors a "Letter to a potential investor" reproduced on the first page of these statements. But he also acknowledges that a small number of investors may beat the market. Given his remarks in 'The Intelligent Investor', about the inhabitants of Graham and Doddsville those investors are likely to be value investors. That is what you get if you invest in this fund and is why most of my savings are invested alongside yours.

I agree with a second lesson from the report too. The stock market is expensive. He discusses his acquisition criteria at one point and writes that he wants to pay '*a sensible purchase price*', his italics. He continues, (my italics) '*The last requirement proved a barrier to virtually all deals we reviewed in 2017, as prices for decent, but far from spectacular businesses hit an all-time high. Indeed, price seemed almost irrelevant to an army of optimistic purchasers.*' I have written repeatedly that prices are high– he seems to agree.

Finally, he wrote '*another important investment lesson: Though markets are generally rational, they occasionally do crazy things. Seizing the opportunities then offered does not require great intelligence, a degree in economics or a familiarity with Wall Street jargon such as alpha and beta. What investors then need instead is an ability to both disregard mob fears or enthusiasms and to focus on a few simple fundamentals. A willingness to look unimaginative for a sustained period – or even to look foolish – is also essential.*'

Outlook

My attempts at asset allocation in recent years have held back returns. Carrying ballast in the form of cash and bonds has made us all poorer, and makes me look foolish. I am ready to look foolish for a sustained period because there are so many signs that investors are taking more risk than is prudent. Warren cited '*all-time high*' prices; I'd add speculation in crypto currencies, reduced security when lending money and the wave of acquisitions. I think that prices will fall and that being unimaginative will pay off. In the meantime, the fund continues to diversify across geographies and industries and to hold ballast. Thank you for your investment, interest and support.

Thistledown Investment Management Limited

COMPANY OVERVIEW

Type of Company

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

The Company was incorporated and Authorised by the Financial Conduct Authority on 13 June 2014 under registered number IC001011, and commenced trading with six sub-funds on 14 July 2014, which included Smartfund Thistle-down Income Fund ('Thistle-down') sub-fund whose assets were taken into the Company on 14 July 2014. The Thistle-down sub-fund itself had commenced trading on 3 December 2010. Other than Thistle-down the assets of the other five sub-funds, comprising Smartfund Aggressive Growth, Smartfund Balanced, Smartfund Cautious, Smartfund Defensive and Smartfund Growth were transferred out during the year ended 31 December 2016 to FundLogic Alternatives plc and these five sub-funds were wound up on 11 December 2017.

SUB-FUND OVERVIEW

Name of Sub-fund	VT Thistle-down Income Fund
Size of Sub-fund	£13,375,436
Launch date	14 July 2014
Investment objective and policy	<p>to provide income while investing to provide some capital growth over the medium to long term.</p> <p>The Fund will seek to achieve its investment objective by investing principally in equities. The Fund may also invest in exchange traded funds ("ETFs"), fixed income securities and other collective investment schemes.</p> <p>The ACD will apply a 'value' based policy when selecting equities for the Fund's portfolio. This means that an asset will be included in the portfolio when the Investment Adviser's analysis and expertise suggests it will provide a total return over the full investment cycle or longer that is higher than the total return that could be expected from UK equity investments over the same period (i.e. between 5 and 10 year horizons). Achieving these target returns for each equity investment or for the Fund's portfolio as a whole is highly uncertain as equities are volatile assets and are expected to be the principal portfolio investment.</p> <p>The ACD will hold ETFs, fixed income securities, collective investment schemes and cash and near cash when it cannot identify enough opportunities to achieve a suitable spread of equity investments with the appropriate 'value' characteristics. The ACD will also seek to reduce investment risk by diversifying the Fund's investments across industries and countries. It will not consider the size of company or market important to its investment decision provided the ACD and the Investment Adviser believe the relevant investment will diversify risk in the portfolio. Investments in assets denominated in foreign currencies may be hedged into sterling.</p> <p>The ACD must ensure that the Fund maintains sufficient cash for the purposes of maintaining liquidity. This portion of the sub-fund's assets must be represented by cash or similarly liquid assets (which may include money market instruments, deposits or units in collective investment schemes) at all times.</p> <p>The Fund's portfolio and mix of asset classes will be rebalanced from time to time at the absolute discretion of the ACD.</p>
Annual accounting date	31 December
Interim accounting dates	30 June
Annual income allocation date	31 December
Interim income allocation dates	31 March, 30 June, 30 September
Individual Savings Account (ISA) Minimum investment	The Company is a qualifying investment for inclusion in an ISA.
Lump sum subscription:	Z Class Income/Accumulation = £3,000 F Class Income/Accumulation = £10,000,000 C Class Income/ Accumulation = £3,000
Top up:	Z Class Income/Accumulation= £500 (£100 for regular contributions) F Class Income/Accumulation = £1,000,000 C Class Income/Accumulation =£500 (£100 for regular contributions)
Holding:	Z Class Income/Accumulation = £3,000 F Class Income/Accumulation = £10,000,000 C Class Income/ Accumulation = £3,000

SUB-FUND OVERVIEW (Continued)

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

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

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

ACD charges

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

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

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

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

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

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

PORTFOLIO STATEMENT

As at 31 December 2017

Holding	Investment	Value £	% of net assets
Europe excluding UK 9.01% (31 December 2016:8.37%)			
54,236	Distribuidora Internacional De Alimentacion	206,692	1.55
33,807	Fondul P (REGS)	284,539	2.13
200,000	Sprott Inc	283,205	2.12
22,971	Svenska Handelsbanken	231,935	1.73
1,561	Total Gabon S.A.	198,314	1.48
		1,204,685	9.01
Global Emerging Markets 9.62% (31 December 2016:7.31%)			
12,408	iShares Emerging Markets Local Government Bond UCITS ETF	612,521	4.58
27,595	SPDR S&P Emerging Markets Dividends ETF	674,000	5.04
		1,286,521	9.62
Asia ex Japan Equity 2.80% (31 December 2016:2.16%)			
300,000	Emperor Entertainment Hotel Ltd	48,722	0.36
225,000	Lion Rock Group Ltd	33,132	0.25
331	Samsung Electronics	293,161	2.19
		375,015	2.80
Japan 11.20% (31 December 2016:8.33%)			
95,229	CF Morant Wright Nippon Yield	1,273,368	9.52
15,000	Pasona Group Inc	225,257	1.68
		1,498,625	11.20
North America 6.84% (31 December 2016:6.51%)			
8,155	AT&T	235,659	1.76
20,334	HP Inc	318,589	2.38
19,893	Kulicke and Soffa Industries	360,620	2.70
		914,868	6.84
UK Equity 25.97% (31 December: 2016:30.97%)			
113,039	Alumasc Group	184,819	1.38
91,672	Ashmore Group Plc	371,409	2.78
52,534	Aviva	265,691	1.99
55,147	BP	288,088	2.15
77,130	Brown (N) Group Ord	208,482	1.56
138,300	Dixons Carphone Plc	275,424	2.06
21,618	Hargreaves Services Plc	71,826	0.54
670,000	Lloyds Banking Group Plc	455,165	3.40
10,064	Persimmon	275,401	2.05
800,308	Phaunos Timber Fund	257,591	1.93
6,976	Rio Tinto	274,924	2.06
17,731	Scottish and Southern Energy	233,872	1.75
132,498	Vodafone Group Plc	311,271	2.33
		3,473,963	25.97

VT THISTLEDOWN ICVC-VT THISTLEDOWN INCOME FUND

For the year ended 31 December 2017

PORTFOLIO STATEMENT (Continued)

	UK Gilts 19.68% (31 December 2016:15.72%)		
7,720	iShares FTSE UK Gilts 0-5 years	1,026,606	7.67
16,703	SPDR Barclays 1-5 Year Gilt UCITS ETF	855,361	6.40
750,000	UK Treasury Bill 02/01/2018	750,053	5.61
		2,632,020	19.68
	Corporate Bonds 4.09% (31 December 2016:4.98%)		
7,400	iShares \$ Ultrashort Bond UCITS ETF	547,489	4.09
	Investment assets 89.22% (31 December 2016:84.35%)	11,933,186	89.21
	Net other assets 11.00% (31 December 2016:16.24%)	1,471,001	11.00
	Adjustment to revalue assets from Mid to Bid prices (0.59%) (31 December 2016:(0.59%))	(28,751)	(0.21)
		13,375,436	100.00

SUMMARY OF MATERIAL PORTFOLIO CHANGES

	£
Total purchases for the period ended 31 December 2017	2,979,488
Dixons Carphone Plc	243,328
Emperor Entertainment Hotel Ltd	53,080
iShares Emerging Markets Local Government Bond UCITS ETF	247,539
iShares Emerging Markets Local Government Bond UCITS ETF USD	247,851
Lion Rock Group Ltd	36,605
Pasona Group Inc	97,503
Persimmon	67,886
Rio Tinto	260,485
SPDR S&P Emerging Markets Dividends ETF	228,283
Sprott Inc	247,288
UK Treasury Bill 25/09/2017	499,952
UK Treasury Bill 02/01/2018	749,688

	£
Total sales for the period ended 31 December 2017	2,219,096
Brown (N) Group Ord	167,282
Caledonia Mining Corp	179,687
Carillion Plc	139,244
Distribuidora Internacional De Alimentacion	76,656
iShares Emerging Markets Local Government Bond UCITS ETF USD	248,267
Persimmon	77,303
Punch Taverns	380,772
Samsung Electronics	77,367
SCS Group	110,361
TP Icap	262,157
UK Treasury Bill 25/09/2017	500,000

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

STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S (ACD'S) RESPONSIBILITIES

The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director to prepare financial statements for each accounting period which give a true and fair view of the financial position of the Company at the end of the financial period and its net revenues and net capital gains for the 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 Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements.
- select suitable accounting policies and then apply them consistently.
- make judgments and estimates that are reasonable and prudent.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

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

DIRECTOR'S STATEMENT

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

Anne A. Laing CA

Neil J. Smith MA BA CA

Valu-Trac Investment Management Limited
Authorised Corporate Director

Date

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all the custodial assets and maintaining a record of all other assets of the Company in accordance with Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank Plc
01 January 2018

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

Opinion

In our opinion, VT Thistledown ICVC's financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 December 2017 and of the net revenue/(expenses) and the net capital gains/(losses) of the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investments Schemes sourcebook and the Instrument of Incorporation.

VT Thistledown ICVC (the "Company") is an Open Ended Investment Company ("OEIC") with 1 sub-fund. The financial statements of the Company comprise the financial statements of the sub-fund. We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise the Balance Sheet as at 31 December 2017; the Statement of Total Return, and the Statement of Change in Net Assets Attributable to Shareholders for the year then ended 31 December 2017; the Distribution Statements, the Accounting Policies of VT Thistledown ICVC and its sub-fund and the Notes to the Financial Statements of the individual sub-fund.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' Responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which include the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's and each of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's and the sub-fund's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that

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

there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities set out on page 10, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the company's and each of the sub-funds' ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to liquidate the company or individual sub-fund or to cease operation, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Opinions on matters required by the Collective Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook, we are also required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Colin Gray B.Com C.A. (senior statutory auditor)

for and on behalf of FKF Accounting Limited
Chartered Accountants and Statutory Auditors
Metropolitan House, 31-33 High Street
Inverness IV1 1HT

STATEMENT OF TOTAL RETURN

For the period ended 31 December 2017

	Note	£	31.12.17 £	31.12.16 £
Income				
Net capital gains	2		1,059,380	2,232,021
Revenue	3	335,660		305,597
Expenses	4	(146,410)		(139,690)
Interest payable and similar charges		(147)		(237)
Net revenue before taxation		189,103		165,670
Taxation	5	(10,919)		(8,993)
Net revenue after taxation			178,184	156,677
Total return before distributions			1,237,564	2,388,698
Finance costs: distributions	6		(172,098)	(183,653)
Change in net assets attributable to shareholders from investment activities			1,065,466	2,205,045

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 December 2017

	31.12.17 £	31.12.16 £
Opening net assets attributable to shareholders	12,072,877	7,340,551
Amounts receivable on creation of shares	428,674	2,511,355
Amounts payable on cancellation of shares	(246,879)	(25,296)
Dilution Levy	-	5,980
Dividend reinvested	55,298	35,242
Change in net assets attributable to shareholders from investment activities (see above)	1,065,466	2,205,045
Closing net assets attributable to shareholders	13,375,436	12,072,877

VT THISTLEDOWN ICVC-VT THISTLEDOWN INCOME FUND

For the year ended 31 December 2017

BALANCE SHEET

As at 31 December 2017

		31.12.17		31.12.16	
	Note	£	£	£	£
ASSETS					
Investment assets			11,904,435		10,112,166
Current Assets					
Debtors	7	30,919		19,362	
Cash and bank balances	8	1,489,732		1,983,641	
Total other assets			1,520,651		2,003,003
Total assets			13,425,086		12,115,169
LIABILITIES					
Creditors					
Distribution payable	6	(20,011)		(22,300)	
Creditors	9	(29,639)		(19,992)	
Total liabilities			(49,650)		(42,292)
Net assets attributable to shareholders			13,375,436		12,072,877

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2017

1 Accounting policies

(a) Basis of Accounting

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

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

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

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

(b) Basis of Preparation

The Financial statements of the Company have been prepared on a going concern basis.

(c) Basis of valuation of investments

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

(d) Recognition of revenue

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

(e) Expenses

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

(f) Current Taxation

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

(g) Deferred Taxation

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(h) Distributions

The Sub-Fund has both income and accumulation units. Each Sub-Fund goes ex dividend daily and pays any income available to the shareholder on a quarterly basis, two weeks in arrears as a dividend. Should the expenses exceed the income then no distribution shall be made to the shareholder and the shortfall will be met by the capital account of the Sub-Fund.

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

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

(j) Unclaimed distributions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2	Net capital gains	31.12.17	31.12.16
		£	£
	Non-derivative securities gain	1,031,877	2,242,684
	Transaction charges	(1,141)	(1,899)
	Currency gains/(losses)	<u>28,644</u>	<u>(8,764)</u>
	Total net capital gains/(losses)	<u>1,059,380</u>	<u>2,232,021</u>
3	Revenue	31.12.17	31.12.16
		£	£
	UK franked dividends	202,123	214,444
	Unfranked income	-	15,547
	Overseas non-taxable revenue	-	36,153
	Overseas taxable revenue	133,537	39,453
	Total revenue	<u>335,660</u>	<u>305,597</u>
4	Expenses	31.12.17	31.12.16
		£	£
	Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
	ACD fee	116,927	100,930
	Payable to the depositary, associates of the depositary, and agents of either of them:		
	Depositary fee	17,951	15,678
	Safe custody fee	<u>1,849</u>	<u>4,660</u>
		<u>19,800</u>	<u>20,338</u>
	Other expenses		
	Audit fee	3,013	2,494
	FCA fee	244	6
	Other expenses	<u>6,426</u>	<u>15,922</u>
		<u>9,683</u>	<u>18,422</u>
	Total expenses	<u>146,410</u>	<u>139,690</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	31.12.17	31.12.16
	£	£
5. Taxation		
(a) Analysis of charge in the year		
Irrecoverable income tax	10,919	8,993
Total tax charge for the year (note 5b)	10,919	8,993
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:		
Net revenue before UK corporation taxation	178,184	156,677
Corporation tax at 20%	35,637	31,335
<u>Effects of:</u>		
Revenue not subject to taxation	(67,132)	(58,010)
Irrecoverable income tax	10,919	8,993
Movement in excess management expenses	31,495	26,675
Total tax charge for year (note 5a)	10,919	8,993
(c) Provision for deferred taxation		
At 31 December 2017 there is a potential deferred tax asset of £64,472 (31 December 2016: £32,977) in relation to surplus management expenses. It is unlikely the Company will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.		
6. Finance costs	31.12.17	31.12.16
	£	£
Interim distributions	143,467	152,591
Final dividend distribution	29,196	31,398
	172,663	183,989
Add: Revenue deducted on cancellation of shares	372	14
Deduct: Revenue received on issue of shares	(937)	(350)
	172,098	183,653
Interest payable and similar charges	147	237
Total finance costs	172,245	183,890
Reconciliation of distributions		
Net revenue after taxation	178,184	156,677
Allocations to Capital:		
Expenses paid by capital	(6,086)	26,976
Net distribution for the year	172,098	183,653

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7	Debtors	31.12.17	31.12.16
		£	£
	Accrued revenue	30,919	19,356
	Income tax recoverable	-	6
	Total debtors	<u>30,919</u>	<u>19,362</u>
8	Cash and bank balances	31.12.17	31.12.16
		£	£
	Cash and bank balances	<u>1,489,732</u>	<u>1,983,641</u>
9	Creditors	31.12.17	31.12.16
		£	£
	Other accrued expenses	29,639	19,992
	Total creditors	<u>29,639</u>	<u>19,992</u>
10.	Units held		
	Class Z Net Income GBP		
	Opening units at 01.01.16	4,232,536	
	Units issued during the year	708,772	
	Units cancelled during the year	(806,075)	
	Units converted during the year	-	
	Closing units at 31.12.17	4,135,233	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Class Z Net Accumulation GBP

Opening units at 01.01.16	3,265,523
Units issued during the year	247,197
Units cancelled during the year	(8,762)
Units converted during the year	-
Closing units at 31.12.17	3,503,958

Class F Net Income GBP

Opening units at 01.01.16	2,429,660
Units issued during the year	-
Units cancelled during the year	-
Units converted during the year	-
Closing units at 31.12.17	2,429,660

11. Financial instruments

In pursuing its investment objective as stated on page 5, the Company holds a number of financial instruments. The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

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

Market price risk

Market price risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the company holds. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the Balance Sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders and equity for the year ended 31.12.17 would have increased/decreased by £1,190,444 (2016 – £1,011,217).

Foreign currency risk

Foreign currency risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Net currency monetary assets and liabilities consist of:

	Monetary assets and liabilities		Non-monetary assets and liabilities		Total net assets	
	£		£		£	
	31.12.17	31.12.16	31.12.17	31.12.16	31.12.17	31.12.16
Sterling	1,464,581	1,955,749	9,184,609	7,673,745	10,649,190	9,629,494
US Dollars	6,420	4,962	1,492,568	1,689,051	1,498,988	1,694,013
Swedish Krona	-	-	231,935	260,790	231,935	260,790
Euro	-	-	405,006	488,580	405,006	488,580
Hong Kong Dollars	-	-	81,855	-	81,855	-
Canadian Dollars	-	-	283,205	-	283,205	-
Japanese Yen	-	-	225,257	-	225,257	-
Total	1,471,001	1,960,711	11,904,435	10,112,166	13,375,436	12,072,877

Interest rate risk

Interest rate risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in interest rates.

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

Maturity of financial liabilities

The financial liabilities of the company as at 31 December 2017 are payable either within one year or on demand.

Liquidity risk

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

Credit risk

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

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

Fair Value Disclosure

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

A Fair value based on a quoted price for an identical instrument in an active market.

B Fair value based on the price of a recent transaction for an identical instrument.

C1 Fair value based on a valuation technique using observable market data.

C2 Fair value based on a valuation technique that relies significantly on non-observable market data.

Valuation Technique	Assets (£'000)	Liabilities (£'000)
A Quoted prices for identical instruments in active markets	11,904	-
Total	11,904	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Contingent assets and liabilities

At 31 December 2017, the fund had no contingent liabilities or commitments (31 December 2016 £nil).

13. Post balance sheet events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 31 December 2017. Since that date, the Fund's quoted mid-price has moved as follows for each share class:

Share class	Price (GBP) at 31 December 2017	Price (GBP) at 20 April 2018
Class Z Net Income	133.5246	130.9040
Class Z Net Accumulation	134.9492	132.8477
Class F Net Income	129.8152	127.2956

14. Portfolio transaction costs

Analysis of total purchase costs	31.12.17		31.12.16	
	£	£	£	£
Purchases in the year before transaction costs		2,973,980		8,775,298
Commissions	2,400	0.08%	3,268	0.04%
Taxes	3,104	0.10%	6,482	0.07%
Levy	4	0.00%	15	0.00%
Total purchase costs	5,508	0.18%	9,765	0.11%
Total purchases including transaction costs		<u>2,979,488</u>		<u>8,785,063</u>
Analysis of total sale costs				
Sales in year before transaction costs		2,219,548		7,757,759
Commissions	(444)	0.02%	(571)	0.01%
Taxes	-	0.00%	(8)	0.00%
Levy	(8)	0.00%	(5)	0.00%
Total sale costs	(452)	0.02%	(584)	0.01%
Total sales net of transaction costs		<u>2,219,096</u>		<u>7,757,175</u>

The following represents the total of each type of transaction cost, expressed as a percentage of the Fund's average net asset value in the year:

	2017 £	% of average net asset value	2016 £	% of average net asset value
Commission	2,844	0.02%	3,839	0.03%
Taxes	3,104	0.02%	6,490	0.05%
Levy	12	0.00%	20	0.00%
	<u>5,960</u>	<u>0.04%</u>	<u>10,349</u>	<u>0.08%</u>

PERFORMANCE RECORD

Class Z Net Income GBP	Year ended 31 December 2017	Period ended 31 December 2016	Year to 03 November 2015
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	123.2763	99.6002	100.9000
Return before operating charges	13.6605	26.8033	0.2581
Operating charges (note 1)	(1.8134)	(1.5378)	(1.5439)
Return after operating charges*	11.8471	25.2655	(1.2858)
Distribution on income units	(1.5988)	(1.5894)	(0.0140)
	<u>133.5246</u>	<u>123.2763</u>	<u>99.6002</u>
*after direct transaction costs of:	0.0642	0.1114	0.1003
Performance			
Return after charges	9.61%	25.37%	(1.27%)
Other information			
Closing net asset value	£5,521,555	£5,217,713	£201,297
Closing number of units	4,135,233	4,232,536	202,105
Operating charges (note 2)	1.40%	1.38%	1.54%
Direct transaction costs	0.05%	0.10%	0.10%
Prices			
Highest unit price	130.04	124.04	106.10
Lowest unit price	120.02	100.41	95.60
Class Z Net Accumulation GBP	Year ended 31 December 2017	Period from 04 April 2016 to 31 December 2016[^]	
Changes in net assets per unit	GBP	GBP	
Opening net asset value per unit	122.9237	100.0000	
Return before operating charges	13.8436	24.4619	
Operating charges (note 1)	(1.8181)	(1.5382)	
Return after operating charges*	12.0255	22.9237	
	<u>134.9492</u>	<u>122.9237</u>	
Retained distributions on accumulated units	1.6120	1.1732	
*after direct transaction costs of:	0.0645	0.1115	
Performance			
Return after charges	10.03%	22.92%	
Other information			
Closing net asset value	£4,728,564	£4,014,101	
Closing number of units	3,503,958	3,265,523	
Operating charges (note 2)	0.05%	1.38%	
Direct transaction costs	0.05%	0.10%	
Prices			
Highest unit price	134.95	123.39	
Lowest unit price	123.10	98.77	

[^]Share class launched 04 April 2016

PERFORMANCE RECORD (Continued)

Class F Net Income GBP	Year ended 31 December 2017	Period from 19 April 2016 to 31 December 2016[^]
Changes in net assets per unit	GBP	GBP
Opening net asset value per unit	119.8491	100.0000
Return before operating charges	<u>13.2839</u>	<u>22.6945</u>
Operating charges (note 1)	<u>(1.2599)</u>	<u>(1.0772)</u>
Return after operating charges*	12.0240	21.6173
Distribution on income units	<u>(2.0579)</u>	<u>(1.7682)</u>
	<u>129.8152</u>	<u>119.8491</u>
	*after direct transaction costs of:	0.1099
Performance	Return after charges	9.78%
		21.62%
Other information	Closing net asset value	£3,154,069
	Closing number of units	£2,911,926
	Operating charges (note 2)	2,429,660
	Direct transaction costs	1.00%
		0.98%
		0.05%
		0.10%
Prices	Highest unit price	133.62
	Lowest unit price	120.70
		123.45
		98.68

[^]Share class launched 19 April 2016

**Financial Highlights
Class AC**

	Period from 04 November 2015 to 17 March 2016[^]
Changes in net assets per unit	GBP
Opening net asset value per unit	4,192.2400
Return before operating charges	<u>128.0987</u>
Operating charges (note 1)	<u>(58.2987)</u>
Return after operating charges*	69.8000
Distribution on income units	<u>(5.1900)</u>
	<u>4,256.8500</u>
	*after direct transaction costs of:
	4.2245
Performance	Return after charges
	1.66%
Other information	Closing net asset value
	£1,890,763
	Closing number of units
	39
	Operating charges (note 2)
	1.38%
	Direct transaction costs
	0.10%
Prices	Highest unit price
	4,261.72
	Lowest unit price
	4,023.76

[^]Share class terminated 17 March 2016 and transferred to Class Z.

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

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

DISTRIBUTION TABLES

Interim distributions in pence per share

Group 1: Shares purchased prior to 15 May 2016

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

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

Interim distributions in pence per share

Group 1: Shares purchased prior to 15 August 2016

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

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

Interim distributions in pence per share

Group 1: Shares purchased prior to 30 September 2016

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

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

Final distributions in pence per share

Group 1: Shares purchased prior to 01 October 2016

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

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

DISTRIBUTION TABLES (Continued)

Interim distributions in pence per share

Group 1: Shares purchased prior to 1 January 2017

Group 2: Shares purchased 1 January 2017 to 31 March 2017.

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution paid / allocated
			2017	2017	2017
13.04.17	group 1	Z Net Income	0.0652	-	0.0652
13.04.17	group 2	Z Net Income	0.0000	0.0652	0.0652
13.04.17	group 1	F Net Income	0.1867	-	0.1867
13.04.17	group 2	F Net Income	0.1867	-	0.1867
13.04.17	group 1	Z Net Accumulation	0.0653	-	0.0653
13.04.17	group 2	Z Net Accumulation	0.0000	0.0653	0.0653

Interim distributions in pence per share

Group 1: Shares purchased prior to 1 April 2017

Group 2: Shares purchased 1 April 2017 to 30 June 2017.

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution paid / allocated
			2017	2017	2017
14.07.17	group 1	Z Net Income	0.8210	-	0.8210
14.07.17	group 2	Z Net Income	0.4873	0.3337	0.8210
14.07.17	group 1	F Net Income	0.9245	-	0.9245
14.07.17	group 2	F Net Income	0.9245	-	0.9245
14.07.17	group 1	Z Net Accumulation	0.8198	-	0.8198
14.07.17	group 2	Z Net Accumulation	0.4507	0.3691	0.8198

Interim distributions in pence per share

Group 1: Shares purchased prior to 1 July 2017

Group 2: Shares purchased 1 July 2017 to 29 September 2017.

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution paid / allocated
			2017	2017	2017
18.10.17	group 1	Z Net Income	0.4524	-	0.4524
18.10.17	group 2	Z Net Income	0.0437	0.4087	0.4524
18.10.17	group 1	F Net Income	0.5660	-	0.5660
18.10.17	group 2	F Net Income	0.5660	-	0.5660
18.10.17	group 1	Z Net Accumulation	0.4648	-	0.4648
18.10.17	group 2	Z Net Accumulation	0.1099	0.3549	0.4648

Final distributions in pence per share

Group 1: Shares purchased prior to 01 October 2017

Group 2: Shares purchased 01 October 2017 to 29 December 2017.

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution paid / allocated
			2018	2018	2018
12.01.18	group 1	Z Net Income	0.2602	-	0.2602
12.01.18	group 2	Z Net Income	0.2235	0.0367	0.2602
12.01.18	group 1	F Net Income	0.3807	-	0.3807
12.01.18	group 2	F Net Income	0.3807	-	0.3807
12.01.18	group 1	Z Net Accumulation	0.2621	-	0.2621
12.01.18	group 2	Z Net Accumulation	0.0704	0.1917	0.2621

DISTRIBUTION TABLES (Continued)

EQUALISATION

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

Information for corporate shareholders

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

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

INFORMATION FOR INVESTORS

General Information

Base Currency

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

Share Capital

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

Structure of the Company

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

Classes of Shares

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

Valuation Point

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

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

Buying and Selling of Shares

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

Valu-Trac Investment Management Ltd
Orton, Fochabers, Moray, IV32 7QE
Or by email to:
thistledown@valu-trac.com for deals relating to the sub-fund.

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

Pricing Basis

There is a single price for buying, selling and switching shares in a Sub-Fund which represents the net asset value of the Sub-Fund concerned. The share price is calculated on a forward pricing basis, that is at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD.

The prices of shares are published daily on the Investment Association website at www.fundlistings.com. Neither the ACD nor the Company can be held responsible for any errors in the publication of the prices. The shares in the company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

Other Information

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

CORPORATE DIRECTORY

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 Manager

Thistledown Investment Management Limited

Otham Manor

Otham Street

Maidstone

Kent

ME18 8RW

(Authorised and regulated by the Financial Conduct Authority)

Depositary

National Westminster Bank Plc

Drummond House

2nd Floor

1 Redheughs Avenue

Edinburgh, EH12 9RH

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

Auditor

FKF Accounting Limited

33 High Street

Inverness

IV1 1HT