

VT ODD FUNDS ICVC
(Sub-Fund VT Odd Real Income Fund)

Interim Report and Financial Statements
(unaudited)
for the 6 months ended 30 September 2017

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COMPANY OVERVIEW

Type of Company

VT Odd Funds ICVC (“the Company”) is an authorised open-ended investment company with variable capital (“ICVC”) further to a Financial Conduct Authority (“FCA”) authorisation order dated 27 August 2015. The Company is incorporated under registration number IC001050. It is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook (“COLL”) issued by the FCA.

The Company has been set up as an umbrella company. The Company has currently two Sub-Funds available for investment, VT Odd Real Income Fund (“the Fund”) and VT Tyndall North American Fund.

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

Changes to the Company

On 7 July 2017, the Company launched another sub-fund, called VT Tyndall North American Fund.

STATEMENT OF 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 expenses and net capital losses and gains for the period. In preparing these financial statements the Authorised Corporate Director is required to:

- comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements.
- select suitable accounting policies and then apply them consistently.
- make 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 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

SUB-FUND OVERVIEW

Size of Sub-Fund	£4,443,480
Launch date	21 September 2015
Company objective and policy	<p>The investment objective of the VT Odd Real Income Fund is to generate real income and capital growth*.</p> <p>The Sub-Fund will aim to meet its objective by investing at least 50% in equities. In addition to investing in equities, the Sub-Fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, cash and near cash.</p> <p>There is no particular emphasis on any economic sector.</p> <p><i>*The aim is that in normal circumstances the returns of the Sub-Fund will increase in excess of CPI annually so that any investment increases in 'real' terms.</i></p> <p>The Sub-Fund may hold derivatives only for efficient portfolio management purposes. It is not intended that the use of derivatives for efficient portfolio management purposes will increase the risk profile of the Sub-Fund.</p>
Authorised Corporate Director (ACD)	Valu-Trac Investment Management Limited
Ex-distribution dates	31 March, 30 June, 30 September, 31 December
Distribution dates	31 May, 31 August, 30 November, last day of February
Individual Savings Account (ISA)	The Company is a qualifying investment for inclusion in an ISA.
Minimum investment	
Lump sum subscription:	Class A = £10,000
Top-up:	Class A = £1,000
Holding:	Class A = £1,000
Redemption:	N/A (provided minimum holding is maintained)
Switching:	N/A (provided minimum holding is maintained)

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 Class A Shares pro-rata to their Net Asset Value.

The variable element in respect of the Class A Shares is equal to 0.7% per annum of the Net Asset Value of the Class A Shares.

The AMC rebate ceased on 31 March 2016 at the end of the first accounting period in accordance with the Prospectus.

INVESTMENT MANAGER'S REVIEW

On bad being good or vice versa

Introduction

Over the period your Fund returned 0.86 % and paid dividends of 1.58p per share, 5% higher than the previous year.

Review

I have been pleased by the performance of a diverse range of holdings within the fund. Jupiter (a fund management company), Hansteen (an industrial property company) and Britvic (a soft drink manufacturer) all contributed to your Fund. Returns from some old stalwarts such as Centrica (the former British Gas) and BT (telecoms) have been more disappointing, as the market is giving little credence to the recovery potential in these robust franchises. The Fund has also benefited from the patience shown in investments such as Wood Group (an engineering company) and Next (the clothing retailer) as their managements' hard work was rewarded.

Outlook

In many ways these are strange times. There is an eerie calm in markets across the world with volatility at or close to all-time lows whilst valuations and indices are nearer all-time highs. The housing market is robust yet nearly half of housebuilders sales are derived from government subsidies. Consumer spending is holding up, supported by unsecured debt, while real wages are falling. Manufacturing and exports are benefiting from the Brexit induced lower exchange rate. If this is a boom, it is a pretty miserable one.

The most important factor influencing markets in the coming months will, sadly, probably be the Central Banks tightening monetary policy. This will be done by a mixture of raising interest rates (UK and US) along with a reduction (European Central Bank) or reversal (Federal Reserve) of the nine-year policy of Quantitative Easing. This undoubtedly brilliant name describes the process whereby central banks, in response to the financial crisis, pumped approximately \$15 trillion into the global financial system. Initially they bought sovereign debt but as time went on they broadened their horizons, buying corporate bonds and in some cases equities.

QE is widely considered a "success" but no one really knows why. It undoubtedly provided vital liquidity for the financial system after it seized up in 2008/09. Since then arguments have depended on an unknowable counterfactual – would the global economy have recovered anyway – so views have often split down ideological rather than reasoned lines. Perhaps one of the starker divergences, is around the unintended consequences. By pumping liquidity into the system, large sums of money have filtered into asset markets either directly, such as the bond market, or indirectly, like the housing market which is funded, ultimately, by the debt markets. What has not happened is a drip feed to the broader economy, wages and aggregate demand. The fabled "wealth effect" has not kicked in.

The coming months will therefore, at least partially, offer us the counterfactual. We will observe the reverse in liquidity flow and the impact on asset markets and the broader economy. We can be confident however, that a 9 year period when there has been no true price discovery in bonds will have had an effect, as a long term price insensitive buyer distorts markets. Perhaps the best example of this is that European high yield bonds (the riskiest part of the European debt market) now trade on a lower yield than 10 year US Treasuries (the largest, most liquid debt market on the planet). It is therefore reasonable to expect individual and institutional investors to require a higher return than central banks. This will have an impact on prices. However, one of reasons why markets are where they are, is that should there be even a hint of trouble, central banks will throw themselves wholeheartedly back into the fray. The issue will then be the consequences of such policy.

This plays to a far longer term narrative that traces its history back to the early 1970s when the post war Bretton Woods exchange rate system, a quasi gold standard, broke down. This was a significant move away the hard money monetary systems that were the base of economies, for good and bad, for millennia. In theory, floating exchange rates would act as a check and balance on government and ensure robust economic management.

We have experienced two distinct stages since then. The first, the 1970s, was characterised by excess wage demands, rising debt and deficits and runaway inflation. The second, since the early 1980s, has been driven by steadily falling inflation and interest rates but with debt continuing to rise. Inflation was kept in check by the demographics and globalisation of labour, suppressing wage demands, whilst technology and deregulation improved the supply side of the economy.

The question now is whether we are entering a third phase. The working age population of the developed world plus China has peaked, which would suggest that we could expect a gradual rise in wage pressure in the coming years. Offsetting this is the impact of increased mechanisation and technological innovation. As capital is extremely cheap, at a time when the non-wage cost of hiring people continues to rise, the increase in capital for labour substitution is a material issue and one that will only gain traction if the cost of capital continues to be kept artificially low. This will exacerbate the societal and political trends, such a populism, that we are already witnessing.

INVESTMENT MANAGER'S REVIEW (Continued)

We have in prospect a mighty clash between inflationary and deflationary forces which has been building up for some time. It is likely that the government response to higher trend inflation will be to let it run, as materially higher interest rates, with current debt levels, would cripple the economy. Over the medium term we will see a significant change in markets. The long term steady fall in interest rates and bond yields is ending; its culmination being a pick up in inflation or the withdrawal of price insensitive central bank buying. Capital will consequently seek out new markets to guard against this, the most obvious being equities. There is a risk that this seismic shift will have a short term impact on stock markets, for which we have patiently prepared. What we should not lose sight of is that this represents a generational opportunity which your fund is designed to embrace.

Investment Manager to the Fund
Odd Asset Management Limited

PERFORMANCE RECORD

Financial Highlights

Class A Net Income GBP		6 months ended 30 September 2017	Year ended 31 March 2017	Period from 21 September 2015 to 31 March 2016[^]
Changes in net assets per unit			GBP	GBP
	Opening net asset value per unit	105.6810	101.1299	100.0000
	Return before operating charges	3.0529	10.9407	3.3491
	Operating charges (note 1)	(2.1490)	(2.7816)	(1.1908)
	Return after operating charges*	0.9039	8.1591	2.1583
	Distribution on income units	(1.5800)	(3.6080)	(1.0284)
	Closing net asset value per unit	105.0049	105.6810	101.1299
	*after direct transaction costs of:	0.1053	0.1241	0.3941
Performance				
	Return after charges	0.86%	8.06%	2.16%
Other information				
	Closing net asset value	£2,374,444	£2,354,410	£1,590,813
	Closing number of units	2,261,271	2,227,847	1,573,040
	Operating charges (note 2)	2.04%	2.69%	1.19%
	Direct transaction costs	0.10%	0.12%	0.39%
Prices				
	Highest unit price	108.77	107.49	103.67
	Lowest unit price	102.74	97.71	95.59

Class A Net Accumulation GBP		6 months ended 30 September 2017	Year ended 31 March 2017	Period from 21 September 2015 to 31 March 2016[^]
Changes in net assets per unit			GBP	GBP
	Opening net asset value per unit	110.4324	102.1626	100.0000
	Return before operating charges	3.2105	11.1186	3.4059
	Operating charges (note 1)	(2.2625)	(2.8488)	(1.2433)
	Return after operating charges*	0.9480	8.2698	2.1626
	Closing net asset value per unit	111.3804	110.4324	102.1626
	Retained distributions on accumulated units	1.5800	3.5420	1.0291
	*after direct transaction costs of:	0.1109	0.1276	0.3961
Performance				
	Return after charges	0.86%	8.10%	2.16%
Other information				
	Closing net asset value	£2,080,180	£1,264,804	£601,258
	Closing number of units	1,867,635	1,145,138	588,530
	Operating charges (note 2)	2.04%	2.68%	1.23%
	Direct transaction costs	0.10%	0.12%	0.39%
Prices				
	Highest unit price	113.63	110.68	103.67
	Lowest unit price	108.17	98.70	95.78

[^] Fund classes launched 21 September 2015

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 expenses incurred during the period annualised, as a proportion of the average net asset value of the fund together with the ongoing charges included within the underlying Open ended Investment Companies held within the fund's holdings.

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 '5' because the price of its investments has risen or fallen frequently and more dramatically than some other types of investment. Simulated monthly performance data indicates that it has experienced relatively high rises and falls in market prices historically. The higher the rank, the greater the potential reward but the greater the risk of losing money.

PORTFOLIO STATEMENT

As at 30 September 2017

Holding		Value £	% of net assets
EQUITIES 62.95% (31.03.2017: 62.88%)			
CONSUMER DISCRETIONARY (31.03.2017: 8.33%)			
4,000	Burberry Group	70,540	1.59
12,500	Greene King	69,156	1.56
8,888	UBM	60,194	1.35
		<u>199,890</u>	<u>4.50</u>
CONSUMER STAPLES (31.03.2017: 12.63%)			
2,100	British American Tobacco	98,427	2.22
10,000	Britvic	74,625	1.68
3,250	Imperial Brands	103,464	2.33
2,000	Next	105,450	2.36
12,866	WM Morrison Supermarkets	30,435	0.68
15,000	Tate & Lyle	97,312	2.19
25,000	J Sainsbury	59,900	1.35
		<u>569,613</u>	<u>12.81</u>
ENERGY (31.03.2017: 5.63%)			
30,000	BP	143,617	3.23
12,000	John Wood Group	81,930	1.84
20,000,000	Reabold Resources	140,000	3.15
3,500	Royal Dutch Shell B	80,413	1.81
		<u>445,960</u>	<u>10.03</u>
HEALTHCARE (31.03.2017: 5.13%)			
1,900	AstraZeneca	93,575	2.11
5,500	GlaxoSmithKline	82,184	1.85
		<u>175,759</u>	<u>3.96</u>
INDUSTRIALS (31.03.2017: 13.59%)			
10,000	Babcock International Group	83,425	1.88
14,000	BAE Systems	88,655	2.00
73,500	Cobham	107,530	2.41
22,500	G4S	62,618	1.41
16,000	Essentra	87,280	1.96
15,000	Meggitt	78,862	1.77
		<u>508,370</u>	<u>11.43</u>
INSURANCE (31.03.2017: 7.24%)			
5,000	Admiral Group	90,625	2.04
16,000	Jupiter Fund Management	87,480	1.97
8,000	Lancashire Holdings	53,320	1.20
30,000	Esure Group	84,795	1.91
		<u>316,220</u>	<u>7.12</u>
MINING (31.03.2017: 1.99%)			
500	Fresnillo	7,070	0.16
100	Rangold Resources Ltd	7,363	0.16
2,000	BHP Billiton	26,475	0.60
750	Rio Tinto	26,092	0.59
		<u>67,000</u>	<u>1.51</u>
PROPERTY (31.03.2017: 1.63%)			
10,000	British Land Company	60,575	1.36
50,000	Hanstee Holdings	69,075	1.56
		<u>129,650</u>	<u>2.92</u>
TECHNOLOGY (31.03.2017: 5.22%)			
2,500	Fidessa Group	55,612	1.25
8,500	PayPoint	80,984	1.82
5,000	Smiths Group	78,950	1.78
		<u>215,546</u>	<u>4.85</u>
TELECOMMUNICATIONS (31.03.2017: 0.00%)			
30,000	BT Group	85,350	1.92
UTILITIES (31.03.2017: 1.49%)			
45,000	Centrica	84,240	1.90
LIQUIDITY FUNDS (31.03.2017: 26.75%)			
325,000	Legal & General Cash I Acc	315,412	8.71
288,000	Aberdeen Cash A Acc	326,765	9.02
197,994	Henderson Institutional Cash Retail Acc	326,333	9.02
		<u>968,510</u>	<u>21.80</u>

PORTFOLIO STATEMENT (Continued)

Portfolio of Investments (31.03.2017: 89.65%)	3,766,108	84.75
Net Other Assets (31.03.2017: 10.37%)	688,517	15.50
Adjustment to revalue assets from Mid to Bid Prices (31.03.2017: (0.02%))	(11,145)	(0.25)
	<u>4,443,480</u>	<u>100.00</u>

SUMMARY OF MATERIAL PORTFOLIO CHANGES

Total sales for the period	£ 269,189
BBA Aviation	45,875
BHP Billiton	26,782
Fresnillo	28,057
Pearson	50,436
Randgold Resources	29,111
Rio Tinto	25,880
Sky Plc	63,048

Total purchases for the period	£ 757,012
BP PLC	44,873
BT Group PLC	63,600
John Wood Group PLC	37,091
Admiral Group PLC	31,960
Babcock International	22,837
BHP Billiton	52,796
BP PLC	11,474
British American Tobacco	24,759
British Land Co	33,677
British Land Co	31,237
BT Group Plc	30,339
Centrica PLC	39,626
Fidessa Group PLC	24,889
Greene King Plc	34,976
Imperial Brands PLC	24,451
J Sainsbury PLC	13,500
Next Plc	39,145
Paypoint Plc	14,978
Reabold Resources	100,000
Rio Tinto	51,911
Tate & Lyle	28,893

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

STATEMENT OF TOTAL RETURN

For the 6 months ended 30 September 2017

	Notes	30.09.17		30.09.16	
		£	£	£	£
Income					
Net capital (losses)/gains			(13,893)		132,331
Revenue		74,286		48,277	
Expenses		(38,205)		(34,054)	
Net revenue before taxation		<u>36,081</u>		<u>14,223</u>	
Taxation		<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>36,081</u>		<u>4,031</u>
Total return before distributions			22,188		146,554
Finance costs: distributions			<u>(57,567)</u>		<u>(40,603)</u>
Change in net assets attributable to shareholders from investment activities			<u><u>(35,379)</u></u>		<u><u>105,951</u></u>

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the 6 months ended 30 September 2017

	30.09.17	30.09.16
	£	£
Opening net assets attributable to shareholders	3,618,157	2,190,577
Amounts receivable on creation of shares	947,393	711,077
Amounts payable on cancellation of shares	(114,217)	(25,345)
Retained accumulation distributions	27,526	18,785
Dilution levy	-	1,743
Change in net assets attributable to shareholders from investment activities (see above)	<u>(35,379)</u>	<u>105,951</u>
Closing net assets attributable to shareholders	<u><u>4,443,480</u></u>	<u><u>3,002,788</u></u>

The IA SORP requires that comparatives are shown for the above report. As comparatives should be for the comparable interim period the net asset value at the end of the period will not agree to the net asset value at the start of the period. The company net asset value as at 31 March 2017 was £3,618,157.

BALANCE SHEET

As at 30 September 2017

	Notes	30.09.17		31.03.17	
		£	£	£	£
ASSETS					
Investment assets			3,754,963		3,242,869
Current Assets					
Debtors		9,437		11,340	
Cash and bank balances		<u>714,999</u>		<u>404,857</u>	
Total other assets			<u>724,436</u>		<u>416,197</u>
Total assets			4,479,399		3,659,066
LIABILITIES					
Creditors					
Distribution payable on income shares		(17,864)		(28,784)	
Other creditors		<u>(18,055)</u>		<u>(12,125)</u>	
Total liabilities			<u>(35,919)</u>		<u>(40,909)</u>
Net assets attributable to shareholders			<u><u>4,443,480</u></u>		<u><u>3,618,157</u></u>

Accounting policies

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014. The accounting policies applied are consistent with those in the Annual Financial Statements for the period ended 31 March 2017 and are described in those Financial Statements.

DISTRIBUTION TABLES

Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 July 2017

Group 2 – Shares purchased on or after 1 July 2017 and on or before 29 September 2017.

01 July 2017 to 29 September 2017

Class A Net Income	Dividend paid 30.11.2017	Equalisation	Distribution paid 30.11.2017	Distribution paid 30.11.2016
Group 1	0.7900p	-	0.7900p	0.7500p
Group 2	0.0780p	0.7120p	0.7900p	0.7500p

Class A Net Accumulation	Dividend accumulated 30.11.2017	Equalisation	Distribution accumulated 30.11.2017	Distribution accumulated 30.11.2016
Group 1	0.7900p	-	0.7900p	0.7500p
Group 2	0.0161p	0.7739p	0.7900p	0.7500p

Group 1 – Shares purchased prior to 01 April 2017

Group 2 – Shares purchased on or after 01 April 2017 and on or before 30 June 2017.

01 April 2017 to 30 June 2017

Class A Net Income	Dividend paid 31.08.17	Equalisation	Distribution paid 31.08.17	Distribution paid 31.08.16
Group 1	0.6845p	0.1055p	0.7900p	0.7500p
Group 2	0.0000p	0.7900p	0.7900p	0.7500p

Class A Net Accumulation	Dividend accumulated 31.08.17	Equalisation	Distribution accumulated 31.08.17	Distribution accumulated 31.08.16
Group 1	0.7815p	0.0085p	0.7900p	0.7500p
Group 2	0.1600p	0.6300p	0.7900p	0.7500p

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.

SUB-FUND OVERVIEW

Size of Sub-Fund	£8,626,341
Launch date	7 July 2017
Company objective and policy	<p>The investment objective of the VT Tyndall North American Fund is to achieve long term capital growth.</p> <p>The Sub-Fund will aim to meet its objectives by investing primarily in North American (US and Canadian) equities. The Sub-Fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, cash and near cash.</p> <p>There is no particular emphasis on any industry or economic sector.</p> <p>The Sub-Fund may hold any derivatives only for efficient portfolio management purposes. It is not intended that the use of derivatives for efficient portfolio management purposes will increase the risk profile of the Sub-Fund.</p>
Authorised Corporate Director (ACD)	Valu-Trac Investment Management Limited
Ex-distribution dates	31 March, 30 September
Distribution dates	31 May, 30 November
Individual Savings Account (ISA)	The Company is a qualifying investment for inclusion in an ISA.
Minimum investment	
Lump sum subscription:	Class A = £10,000 Class F = £10,000
Top-up:	Class A = £100 Class F = £100
Holding:	Class A = £10,000 Class F = £10,000
Redemption:	N/A (provided minimum holding is maintained)
Switching:	N/A (provided minimum holding is maintained)

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 £25,000** per annum, is taken from A Class and F Class Shares pro-rata to their Net Asset Value.

The variable element in respect of the A Class Shares is equal to 0.75% per annum of the Net Asset Value of the A Class Shares.

The variable element in respect of the F Class Shares*** is equal to 0.65% per annum of the Net Asset Value of the F Class Shares.

** The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 April each year (from 1 April 2018). In the event of negative inflation, the fixed element of the fee will remain unchanged.

***Class F shares are only available to founder investors in the Sub-Fund. Founder investors are those investors who invest in the Sub-Fund prior to the Sub-Fund having assets equal to or greater than £50 million.

INVESTMENT MANAGER'S REVIEW

The VT Tyndall North American Fund launched on 7 July 2017 and is positioned to take advantage of the very positive environment that we see in America. The US is going through a period of very strong real growth with hardly any inflation. This is a backdrop that equities love, particularly growth sectors like Technology and Healthcare. The fact that the US market has performed so well this year and keeps on hitting new all-time highs in the S&P 500, the Nasdaq Composite, the Dow Jones Industrial Average and the Russell 2000 indices to name but four, is a testament to the validity of this bull market.

The picture at the corporate level is also very strong, with corporate earnings continuing to beat expectations. In Q2 the S&P 500 companies grew sales 5.3% and earnings 9.4%. These are impressive numbers for the largest market in the world. What is perhaps more impressive is the quality of these numbers; these earnings are not borne out of a big cyclical upturn in commodities or some other transient factor. This is based on long-term trends and on large cap companies that are transforming the world around us.

We believe there are two big misconceptions about the US market right now. The first is that this bull market must soon be over because it's been such a good run since 2009. We counter that by looking at corporate earnings, which have shown clear cycles. S&P500 earnings decelerated significantly during the 2014-16 timeframe, hitting a nadir of -16% in December 2015. Why wasn't this recession in corporate earnings felt in the stock market? Because Fed policy boosted asset prices and kept the stock market buoyant. This downturn is behind us and we are now in a new profit upcycle. This is one of the reasons stocks have performed so well since July 2016, EPS growth is now accelerating.

The second misconception concerns valuation. There are widespread reports that US equities are expensive but there are two facts that we note. First, when you analyse the S&P 500 by sector, you find that it is the bond proxy sectors like Utilities and Staples that are the most expensive part of the market, and that the growth sectors like Technology and Healthcare are attractively priced. Secondly, as economic growth continues to surprise to the upside PE ratios naturally expand, and at around 17x 2018 earnings estimates are not extended compared to history.

We believe that US equities will continue their impressive performance and believe that an active approach to the market is warranted. Our favourite sectors are Technology, Healthcare, Consumer Discretionary, Financials and Industrials.

Investment Manager to the Fund
Odd Asset Management Limited

PERFORMANCE RECORD

Financial Highlights

Class A GBP Net Accumulation

**Period from 07
July 2017 to 30
September
2017[^]**

Changes in net assets per unit		GBP
	Opening net asset value per unit	100.0000
	Return before operating charges	1.0221
	Operating charges (note 1)	(0.9404)
	Return after operating charges*	0.0817
	Closing net asset value per unit	100.0817
	Retained distributions on accumulated units	-
	*after direct transaction costs of:	0.1100
Performance	Return after charges	0.08%
Other information	Closing net asset value	£10
	Closing number of units	10
	Operating charges (note 2)	0.94%
	Direct transaction costs	0.11%
Prices	Highest unit price	101.05
	Lowest unit price	97.99

Class A GBP Net Accumulation (Hedged)

**Period from 07
July 2017 to 30
September
2017[^]**

Changes in net assets per unit		GBP
	Opening net asset value per unit	100.0000
	Return before operating charges	2.0043
	Operating charges (note 1)	0.9450
	Return after operating charges*	1.0593
	Closing net asset value per unit	101.0593
	Retained distributions on accumulated units	-
	*after direct transaction costs of:	0.1106
Performance	Return after charges	1.06%
Other information	Closing net asset value	£7,332,427
	Closing number of units	7,255,566
	Operating charges (note 2)	0.94%
	Direct transaction costs	0.11%
Prices	Highest unit price	101.42
	Lowest unit price	97.96

[^] Fund classes launched 7 July 2017

PERFORMANCE RECORD (Continued)

Financial Highlights

Class F GBP Net Accumulation

Period from 07
July 2017 to 30
September
2017[^]

Changes in net assets per unit		GBP
	Opening net asset value per unit	100.0000
	Return before operating charges	(1.4230)
	Operating charges (note 1)	(0.8305)
		(2.2535)
	Distribution on income units	-
	Closing net asset value per unit	97.7465
	Retained distributions on accumulated units	-
	*after direct transaction costs of:	0.1088
Performance	Return after charges	(2.25%)
Other information	Closing net asset value	£14,510
	Closing number of units	14,844
	Operating charges (note 2)	0.84%
	Direct transaction costs	0.11%
Prices	Highest unit price	100.78
	Lowest unit price	95.70

Class F GBP Net Accumulation (Hedged)

Period from 07
July 2017 to 30
September
2017[^]

Changes in net assets per unit		GBP
	Opening net asset value per unit	100.0000
	Return before operating charges	1.9274
	Operating charges (note 1)	(0.8445)
	Return after operating charges*	1.0829
	Closing net asset value per unit	101.0829
	Retained distributions on accumulated units	-
	*after direct transaction costs of:	0.1106
Performance	Return after charges	1.08%
Other information	Closing net asset value	£1,231,991
	Closing number of units	1,218,793
	Operating charges (note 2)	0.84%
	Direct transaction costs	0.11%
Prices	Highest unit price	101.44
	Lowest unit price	97.97

[^] Fund classes launched 7 July 2017

PERFORMANCE RECORD (Continued)

Class F GBP Net Income (Hedged)		Period from 07 July 2017 to 30 September 2017[^]
Changes in net assets per unit		GBP
	Opening net asset value per unit	<u>100.0000</u>
	Return before operating charges	1.9274
	Operating charges (note 1)	<u>(0.8445)</u>
	Return after operating charges*	1.0829
	Distribution on income units	-
	Closing net asset value per unit	<u>101.0829</u>
	 *after direct transaction costs of:	 0.1106
Performance	Return after charges	1.08%
Other information	Closing net asset value	£48,015
	Closing number of units	47,501
	Operating charges (note 2)	0.84%
	Direct transaction costs	0.11%
Prices	Highest unit price	101.44
	Lowest unit price	97.97

[^] Fund class launched 7 July 2017

- 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 expenses incurred during the period annualised, as a proportion of the average net asset value of the fund together with the ongoing charges included within the underlying Open ended Investment Companies held within the fund's holdings.

Risk Profile

Based on past data, the fund is ranked a '5' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Fund is ranked '5' because the price of its investments has risen or fallen frequently and more dramatically than some other types of investment. Simulated monthly performance data indicates that it has experienced relatively high rises and falls in market prices historically. The higher the rank, the greater the potential reward but the greater the risk of losing money.

PORTFOLIO STATEMENT

As at 30 September 2017

Holding		Value £	% of net assets
EQUITIES			
DISCRETIONARY			
399	Amazon.com	285,132	3.30
2,099	Hasbro	152,170	1.76
1,008	Home Depot	122,290	1.42
2,156	Pool Corp	173,993	2.02
130	Priceline Group	176,043	2.04
1,743	Ulta Beauty	295,530	3.43
2,190	Wynn Resort	236,290	2.74
		<u>1,441,448</u>	<u>16.71</u>
FINANCIALS			
5,015	Charles Schwab Corp	163,525	1.90
2,766	Citigroup	150,133	1.74
1,784	First Republic Bank	138,159	1.60
1,215	Moody's Corp	125,836	1.46
2,011	Northern Trust Corp	138,142	1.60
2,353	Raymond James Financial	148,658	1.72
1,099	SVB Financial Group	153,254	1.78
		<u>1,017,707</u>	<u>11.80</u>
HEALTHCARE			
808	Align Technology	110,516	1.28
1,005	Becton Dickinson and Co	145,399	1.69
7,102	Boston Scientific Corp	152,553	1.77
1,500	Celgene Corp	160,038	1.85
2,000	Gilead Sciences	120,916	1.40
1,310	IDEXX Laboratories	151,166	1.75
1,859	STERIS Plc	121,755	1.41
1,005	UnitedHealth Group	147,284	1.71
		<u>1,109,627</u>	<u>12.86</u>
INDUSTRIALS			
1,064	General Dynamics Corp	163,015	1.89
1,307	Illinois Tool Works	143,763	1.67
1,125	Littelfuse	165,963	1.92
5,042	Masco Corp	146,094	1.69
1,848	Rockwell Collins	179,670	2.08
648	Roper Technologies	117,020	1.36
		<u>915,525</u>	<u>10.61</u>
MATERIALS			
625	Sherwin-Williams Co	166,801	1.93
		<u>166,801</u>	<u>1.93</u>
STAPLES			
989	Constellation Brands	147,282	1.71
2,400	Estee Lauder Companies	190,725	2.21
4,524	Lamb Weston Holdings	157,454	1.82
		<u>495,461</u>	<u>5.74</u>
TECHNOLOGY			
3,963	Activision Blizzard	188,155	2.18
1,056	Adobe Systems	115,863	1.34
20,000	Advanced Micro Devices	190,330	2.21
1,291	Alibaba Group Holding Ltd	164,231	1.90
270	Alphabet	194,633	2.27
918	Apple	105,129	1.22
628	Broadcom Ltd	114,020	1.32
1,901	Electronic Arts	165,659	1.92
1,520	Facebook	191,647	2.22
1,233	Fiserv	118,150	1.37
1,892	Global Payments	132,795	1.54
2,689	Microsoft Corp	148,405	1.72
5,000	New Relic	183,213	2.12
1,282	NVIDIA Corp	168,288	1.95
2,691	PayPal Holdings	128,547	1.49
1,000	Shopify	87,001	1.01
1,870	Visa	146,105	1.69
		<u>2,542,171</u>	<u>29.47</u>

PORTFOLIO STATEMENT (Continued)

USD Hedge	(39,373)	(0.45)
Portfolio of Investments	7,649,367	88.67
Net Other Assets	977,585	11.33
Adjustment to revalue assets from Mid to Bid Prices	(611)	0.00
	<u>8,626,341</u>	<u>100.00</u>

SUMMARY OF MATERIAL PORTFOLIO CHANGES

	£
Total sales for the period	857,752
Ball Corp	81,340
Costco Wholesale Corp	188,352
e.l.f. Beauty	38,988
Ecolab	85,061
Goldman Sachs Group	136,272
JP Morgan Chase & Co	91,711
Southwest Airlines Co	162,014
Starbucks Corp	74,014

SUMMARY OF MATERIAL PORTFOLIO CHANGES (Continued)

	£
Total purchases for the period	8,610,238
Activision Blizzard	183,843
Adobe Systems	117,461
Advanced Micro Devices	199,074
Alibaba Group Holding Ltd	146,243
Align Technology	100,834
Alphabet	197,397
Amazon.com	304,465
Apple	105,875
Ball Corp	88,036
Becton Dickinson and Co	154,483
Boston Scientific Corp	148,978
Broadcom Ltd	119,199
Celgene Corp	160,117
Charles Schwab Corp	166,473
Citigroup	143,485
Constellation Brands	147,141
Costco Wholesale Corp	188,642
e.l.f. Beauty	50,410
Ecolab	88,073
Electronic Arts	163,941
Estee Lauder Companies	183,604
Facebook	191,248
First Republic Bank	139,892
Fiserv	117,564
General Dynamics Corp	162,612
Gilead Sciences	127,675
Global Payments	132,710
Goldman Sachs Group	139,983
Hasbro	176,303
Home Depot	117,618
IDEXX Laboratories	159,176
Illinois Tool Works	144,758
JP Morgan Chase & Co	95,446
Lamb Weston Holdings	150,864
Littelfuse	152,472
Masco Corp	149,309
Microsoft Corp	146,848
Moody's Corp	117,398
New Relic	188,734
Northern Trust Corp	144,409
NVIDIA Corp	157,692
PayPal Holdings	117,583
Pool Corp	188,224

SUMMARY OF MATERIAL PORTFOLIO CHANGES (Continued)

Priceline Group	191,606
Raymond James Financial	149,929
Rockwell Collins	155,496
Roper Technologies	117,456
Sherwin- Williams Co	166,850
Shopify	84,473
Southwest Airlines Co	181,711
Starbucks Corp	74,211
STERIS Plc	117,521
SVB Financial Group	153,967
Ulta Beauty	330,222
UnitedHealth Group	146,623
Visa	140,349
Wynn Resorts Ltd	223,532

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

STATEMENT OF TOTAL RETURN

**For the period from 7 July 2017 to 30
September 2017**

	30.09.17	
	£	£
Income		
Net capital gains		82,197
Revenue	19,192	
Expenses	(24,765)	
Bank Interest	(12)	
Net expense before taxation	<u>(5,585)</u>	
Taxation	<u>(1,849)</u>	
Net expense after taxation		<u>(7,434)</u>
Total return before distributions		74,763
Finance costs: distributions		<u>-</u>
Change in net assets attributable to shareholders from investment activities		<u><u>74,763</u></u>

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period from 7 July 2017 to 30 September 2017

	30.09.17
	£
Opening net assets attributable to shareholders	-
Amounts receivable on creation of shares	8,574,543
Amounts payable on cancellation of shares	(22,965)
Change in net assets attributable to shareholders from investment activities (see above)	<u>74,763</u>
Closing net assets attributable to shareholders	<u><u>8,626,341</u></u>

The fund was launched on 7 July 2017, hence there are no comparatives.

BALANCE SHEET

As at 30 September 2017

	30.09.17	
	£	£
ASSETS		
Investment assets		7,648,756
Current Assets		
Debtors	129,293	
Cash and bank balances	<u>872,857</u>	
Total other assets		<u>1,002,150</u>
Total assets		8,650,906
LIABILITIES		
Creditors		
Bank overdraft	(8,480)	
Other creditors	<u>(16,085)</u>	
Total liabilities		<u>(24,565)</u>
Net assets attributable to shareholders		<u><u>8,626,341</u></u>

The fund was launched on 7 July 2017, hence there are no comparatives.

Accounting policies

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014. The accounting policies applied are consistent with those in the Annual Financial Statements for the period ended 31 March 2017 and are described in those Financial Statements.

INFORMATION FOR INVESTORS

Distribution

Distributions of the revenue of the Company will be made to shareholders on or before 31 May each year and interim allocations of revenue on or before 31 August, 30 November and the last day of February.

Individual shareholders

HM Revenue and Customs changed the taxation of dividends on 6 April 2016. Dividend tax credits were abolished and replaced by a tax-free annual dividend allowance of £5,000. UK resident shareholders are now subject to new higher rates of tax on dividend income in excess of the annual allowance. The actual rate depends on the individual's tax rate band.

Capital gains tax: Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. However, the first £11,100 of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

Taxation

The company will pay no corporation tax on its profits for the period to 31 March 2017 and capital gains within the Company will not be taxed.

Debts of the ICVC fund

Unit holders of the ICVC are not liable for the debts of the ICVC.

Corporate shareholders

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

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

Issue and redemption of shares

Valu-Trac Investment Management Limited is the ACD and Registrar. Valu-Trac Investment Management Limited will receive requests for the purchase or sale of shares at any time during normal business hours (8.30am to 5.30pm). Instructions may be given by email to (odd@valu-trac.com) or by sending an application form to the Registrar. Application forms are available from the Registrar.

The price of shares will be determined by reference to a valuation of the Company's net assets at 12.00 noon on each dealing day.

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

Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.

A contract note giving details of the shares purchased and the price used will be issued by the Registrar by the end of the business day following the valuation point by reference to which the purchase price is determined. Settlement is due on receipt by the purchaser of the contract note and should be made to the Authorised Corporate Director's dealing account.

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

Where shares are redeemed, payment will be made not later than the close of business on the fourth business day following the next valuation point after receipt by the ACD of a request for redemption. The minimum value of shares that a shareholder may hold is £1,000. The ACD may at its discretion accept subscriptions lower than the minimum amount.

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

CORPORATE DIRECTORY

Authorised Corporate Director, Manager & Registrar	Valu-Trac Investment Management Limited Orton Moray IV32 7QE Telephone: 01343 880344 Fax: 01343 880267 E-mail: (odd@valu-trac.com) Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
Director	Valu-Trac Investment Management Limited as ACD
Investment Manager	Odd Asset Management Limited Pasture House Juniper Hexham Northumberland UK NE46 1ST Authorised and regulated by the Financial Conduct Authority
Depository	National Westminster Bank Plc Trustee and Depository Services Younger Building 1 st Floor , 3 Redheughs Avenue Edinburgh EH12 9RH Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority
Auditor	Johnston Carmichael LLP Chartered Accountants Commerce House South Street Elgin IV30 1JE