Equitile Investments ACS

Annual Report & Audited Financial Statements

For the year ended 31 December 2018

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*These collectively comprise the Authorised Contractual Scheme Manager's Report

General Information

1. Board of Directors of the ACS Manager	Andrew McNally George Cooper Nigel Hellewell Thor Johan Furuholmen Xiyang He	Head office : 20 St Dunstan's Hill, London, EC3R 8ND, United Kingdom Registered Office : 2nd Floor, Regis House 45 King William Street, London EC4R 9AN
2. Depositary	HSBC Bank Plc	8 Canada Square, London E14 5HQ, United Kingdom
3. Registrar	HSBC Bank Plc	8 Canada Square, London E14 5HQ, United Kingdom
4. Independent Auditors	PricewaterhouseCoopers LLP	7 More London, Riverside, London SE1 2RT United Kingdom

Equitile Investments ACS Overview

Equitile Investments ACS (the "Scheme") is an Authorised Contractual Scheme which is constituted as an umbrella Co-Ownership Scheme as defined under section 235A(2) of FSMA and for the purposes of the EU Regulation, the UCITS Directive, the UCITS Regulation, the Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (SI 2013/1388) and the FCA Handbook (including the COLL Sourcebook) made under FSMA, and any other applicable rules made under FSMA from time to time in force. Equitile Investments Ltd (a Private Limited Company (the "Company")) is the appointed ACS Manager (the "Manager") and HSBC Bank Plc, is the appointed Depositary (the "Depositary") to whom the Scheme Property is entrusted for safekeeping.

The Scheme has segregated liability between sub-funds of the Scheme ("Funds"). The Scheme was authorised by the FCA on 16 December 2015. The Scheme is organised as an umbrella Co-Ownership Scheme and may be comprised of separate sub-funds and segregated portfolio of assets. Accordingly, the sub-funds assets are allocated exclusively to that sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including any other sub-funds that may be established under the Scheme on a later date and shall not be available for any other purpose.
Except where otherwise stated or the context requires, capitalised terms have the meaning given to them in the Prospectus of the Scheme dated 05 March 2019.

Investment objective and policy

Equitile Resilience Fund

The Scheme currently has one sub-fund, Equitile Resilience Fund (the "Sub-Fund"), a UCITS Scheme under the COLL Sourcebook. The Sub-Fund was authorised by the FCA on 16 December 2015.

The Sub-Fund aims to deliver capital growth by investing in the equities of resilient companies, meaning those assessed as being well-managed, conservatively financed and benefiting from strong corporate governance. Additionally, the Sub-Fund may choose to invest in bonds and money market instruments as part of strategy diversification. Investors may assess the success of this strategy by considering, in combination, the average annual return of the Sub-Fund and the average annual maximum loss of the Sub-Fund where the annual maximum loss is defined as the largest percentage loss which an investor could have incurred by investing into and subsequently redeeming from the Sub-Fund within a given year.

In normal market conditions, the Sub-Fund will be close to fully invested in equity securities (e.g. shares). Allocations to bonds and cash may be made periodically for the purpose of capital preservation. Use may be made of cash holdings, hedging and other investment techniques for the purposes of efficient portfolio management as permitted by the COLL Sourcebook. The Sub-Fund will not utilise borrowing or leverage in order to achieve the investment objective. Short term borrowing may be used for the purposes of efficient portfolio management. The Sub-Fund may utilise derivatives for efficient portfolio construction and for hedging purposes.

Statement of the Manager and Depositary's responsibilities in relation to the financial statements of the Scheme

The FCA's Collective Investment Schemes sourcebook ("the Regulations") require the Manager to prepare financial statements for each annual accounting year, which give a true and fair view of the financial position of the Scheme as at the end of the year and of the net revenue/expense and the net capital gains or losses on the property of the Scheme for the year then ended. In preparing the financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- comply with the disclosure requirements of the Statement of Recommended Practice 'Financial Statements of Authorised Funds', issued by the IMA in May 2014 and the Co-Ownership Deed.
- follow United Kingdom Generally Accepted Accounting Practice and applicable accounting standards.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will continue in operation.
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

The Manager is responsible for the management of the Scheme in accordance with the Co-ownership Deed, the Prospectus and the Regulations. The Depositary is responsible for safeguarding the property of the Scheme and must take reasonable care to ensure that the Scheme is managed by the Manager in compliance with the Regulations and the provisions of the Co-ownership Deed and Prospectus. The Manager and Depositary are responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACS Manager's Report to the Unitholders

As the sole Manager, Equitile Investments Ltd, presents its report and the audited financial statements of the Scheme for the year from 01 January 2018 to 31 December 2018. The Scheme is a UCITS Scheme which complies with the Financial Conduct Authority's Collective Investment Schemes sourcebook. The unitholders are not liable for the debts of the Scheme. The Investment Objectives and Policies of each Sub-Fund of the Scheme are covered in the section for each Sub-Fund. The names and addresses of the Manager, the Depositary and the Auditors are detailed on page 2.

The object of the Scheme (which may be made up of a number of sub-funds) is to invest the Scheme Property through the Sub-funds as set out in the Prospectus and the object of each sub-fund is for the ACS Manager on behalf of the Unitholders, as co-owners of the relevant sub-fund's property, to invest that property in transferable securities, money market instruments, derivatives and forward transactions, deposits, cash, near cash, and units in collective investment schemes in accordance with the Regulations applicable to the Scheme and each Sub-Fund with the aim of spreading investment risk and giving to the Unitholders the benefits of the results of the management of that property.

ACS Manager's Statement

In accordance with the requirements of the COLL as issued and amended by the Financial Conduct Authority, the report and financial statements are approved on behalf of the Directors of Equitile Investments Ltd, the ACS Manager.

30 April 2019

Statement and Report of the Depositary

Statement of the Depositary's responsibilities in respect of the Scheme and Report of the Depositary to the Unitholders of the Equitile Investments ACS ("the Scheme") for the year ended 31st December 2018

The Depositary must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, the Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (together "the Regulations") and the Contractual Scheme Deed and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Depositary must ensure that:

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

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

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

i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and application of the Scheme's income in accordance with the Regulations and the Scheme documents of the Scheme; and

ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme in accordance with the Regulations and Scheme documents of the Scheme.

HSBC Bank plc

This report is given on the basis that no breaches are subsequently advised to us before the distribution date. We therefore reserve the right to amend the report in the light of such circumstances.

Yours sincerely,

Stefano Lucernoni
Senior Trustee and Depositary Manager

30 April 2019

Independent Auditor's Report to the Unitholders of Equitile Investments ACS

Report on the audit of the financial statements

Opinion

In our opinion, Equitile Investment ACS's financial statements:

- give a true and fair view of the financial position of the Scheme and its sub-fund as at 31 December 2018 and of the net revenue and the net capital losses on the scheme property and its sub-fund 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 Investment Schemes sourcebook and the ACS Deed.

Equitile Investment ACS (the "Scheme") is an Authorised Contractual Scheme with a single sub-fund. The financial statements of the Scheme comprise the financial statements of its sub-fund. We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables and the notes to the financial statements, which include a description of the significant accounting policies.

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

Conclusions relating 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 Contractual Scheme Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Authorised Contractual Scheme Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's or its sub-fund's 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 Scheme's or the sub-fund's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is difficult to evaluate all of the potential implications on the funds' business and the wider economy.

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 Contractual Scheme Manager 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 audit 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 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 Contractual Scheme Manager's Report

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

Independent Auditor's Report to the Unitholders of Equitile Investments ACS

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Contractual Scheme Manager for the financial statements

As explained more fully in the Manager's Responsibilities Statement set out on page 4, the Authorised Contractual Scheme Manager 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 Contractual Scheme Manager 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 Contractual Scheme Manager is responsible for assessing the Scheme's and its sub-fund's 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 Contractual Scheme Manager either intends to wind up or terminate the Scheme or its sub-fund, 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 the 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 Scheme's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook 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.

Other required reporting

<u>Opinion on matter required by the Collective Investment Schemes sourcebook</u>

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

<u>Collective Investment Schemes sourcebook exception reporting</u>

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.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2019

Sub-Fund Review

As at 31 December 2018, the Scheme had 1 active sub-fund:

Fund – Equitile Resilience Fund
Launch Date – 29 February 2016
Base currency - GBP

Investment Review

Please note this investment review is for the financial year from 01 January 2018 to 31 December 2018.

Performance and Market Review

We anticipate the investment strategy deployed will deliver high single-digit percentage point returns per year, on average over the economic cycle. Returns generated during 2018 fell short of this expectation, with approximately an 8% loss over the year. This was due to a sharp market correction in the fourth quarter of the year, which was largely recovered in the first quarter of 2019. Nevertheless, despite the market correction in Q4 2018 the annualized returns over the first three years of operation have continued to meet our return expectations expectation.

Despite ongoing political turmoil surrounding the preparations for the UK's departure from the European Union and concerns over US-Chinese trade tensions economic growth around the world has progressed well in 2018. Corporate earnings have generally grown at a healthy pace, and technological innovation has remained robust and may even be accelerating. Nevertheless, financial markets experienced a major disruption in the fourth quarter of the year caused primarily by hawkish comments by Fed Chairman Powell.

Over the course of the year the fund's assets under management grew modestly as a result of net investment inflows. The Sub-Fund remains heavily invested in US listed investments where innovation and economic growth remains strongest. As a result, the fund ended the year again with approximately 80% of its assets invested in the US equity market. The Sub-Fund endeavours to invest in the most financially stable, high-quality high-growth businesses using highly disciplined portfolio construction.

As at the end of 2018, the Sub-Fund had less than 10% exposure to UK listed equities and employs a strategy of hedging foreign exchange price movements. For this reason we do not anticipate potential market turbulence related to Brexit to have significant impact on the returns of the Sub-Fund.

Outlook

Equities will remain our preferred investment for some time to come. We remain optimistic on global growth, the pace of innovation and therefore continue to anticipate strong corporate earnings growth.

Politically, populist pressures for greater trade protectionism and larger deficit spending appears to be growing around the world. During 2018 we have noted an increase in pressure for deficit spending supported by the emergence of Modern Monetary Theory. We anticipate this may begin driving inflation rates modestly higher over coming years. We believe equity investments are likely to prove the most resilient asset class in the face of this risk.

We remain of the view that investing in financially resilient companies is the most effective way to manage risk and achieve superior investment returns in the long term.

The date of Brexit and outcome of the Brexit deal are uncertain at the moment. Equitile is not in a position to predict what impact, if any, the eventual Brexit deal will have on the financial markets or on the regulatory environment (including those affecting UCITS). We're continuing to monitor political developments and are engaging with regulators, so we can minimise any regulatory or operational difficulties that might arise.

Synthetic Risk and Reward Indicator (SRRI)

Lower risk
Typically lower returns

Higher risk
Typically higher returns

1	2	3	4	**5**	6	7

The Sub-Fund is classified category 5 because the investment policy of the fund means it will typically be predominantly invested in the equity markets and will therefore be exposed to the relatively high volatility of the equity market. Please note that even the lowest ranking does not mean risk-free.

The Risk and Reward indicator demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund.

Securities Financing Transaction Regulation Disclosure

The Sub-Fund does not engage in any securities financing transactions and / or any total return swaps.

Comparative Tables

The 'Return after operating charges' disclosed in the Comparative Tables is calculated as a return after operating charges per unit divided by the opening net asset value per unit.

Portfolio transaction costs are incurred when investments are bought or sold by the Sub-Fund in order to achieve the investment objective. Direct transaction costs include broker commission and taxes. Broker commission includes the fee to a broker to execute the trades. Equitile does not buy external research.

Comparative Table Class A1 For the year ended 31 December 2018	GBP	GBP	GBP
Class A1 Resilience GBP Acc	31.12.18	31.12.17	31.12.16*
Change in net assets per unit			
Opening net asset value per unit	130.52	103.83	100.00
Return before operating charges**	(8.73)	27.82	4.77
Operating charges^	(1.47)	(1.13)	(0.94)
Return after operating charges	(10.20)	26.69	3.83
Distribution on accumulation units	(0.06)	(0.20)	(0.20)
Retained distribution on accumulation units	0.06	0.20	0.20
Closing net asset value per unit	120.32	130.52	103.83
** after direct transaction costs of:	0.22	0.14	0.23
Performance			
Return after charges	(7.81%)	25.71%	3.83%
Other information			
Closing net asset value (£'000)	110,153	94,838	43,064
Closing number of units	915,474	726,616	414,757
Operating charges^	1.06%	0.97%	1.08%
Direct transaction costs	0.16%	0.12%	0.23%
Prices - GBP			
Highest unit price	150.67	134.57	108.22
Lowest unit price	114.47	104.01	98.63

*The Unit class was launched on 29 February 2016
^Operating charges, otherwise known as the OCF is the ratio of the Sub-Fund's total costs to the average net assets of the Sub-Fund.

Equitile Investments

Comparative Table Class X3 For the year ended 31 December 2018	USD	USD	USD
Class X3 Resilience USD Acc	31.12.18	31.12.17	31.12.16*
Change in net assets per unit			
Opening net asset value per unit	124.27	97.86	100.00
Return before operating charges**	(6.23)	27.76	(1.63)
Operating charges^	(1.58)	(1.35)	(0.51)
Return after operating charges	(7.81)	26.41	(2.14)
Distribution on accumulation units	0.00	(0.04)	(0.04)
Retained distribution on accumulation units	0.00	0.04	0.04
Closing net asset value per unit	116.46	124.27	97.86
** after direct transaction costs of:	0.21	0.14	0.16
Performance			
Return after charges	(6.28%)	26.99%	(2.14%)
Other information			
Closing net asset value ($'000)	6,564	6,311	5,084
Closing number of units	56,369	50,794	51,954
Operating charges^	1.23%	1.15%	1.21%
Direct transaction costs	0.16%	0.12%	0.21%
Prices - USD			
Highest unit price	145.18	127.87	101.53
Lowest unit price	110.71	98.03	95.15

*The unit class was launched on 20 July 2016.
^Operating charges, otherwise known as the OCF is the ratio of the Sub-Fund's total costs to the average net assets of the Sub-Fund.

Summary of Material Portfolio Changes for the Sub-Fund

The top ten purchases and sales for the year ended 31 December 2018 were as follows:

Purchases	Cost	Sales	Proceeds
	£'000		£'000
Amadeus	7,182	Amadeus	6,306
TJX	6,457	LVMH	5,839
Intuit	5,797	MTU Aero Engines	4,304
Wolters Kluwer	4,754	Boeing	4,294
MTU Aero Engines	4,620	Nvidia	4,185
Red Hat	4,583	Red Hat	4,070
Microsoft	4,442	Estee Lauder 'A' Shares	4,015
Citrix Systems	4,287	Hermes International	3,835
Columbia Sportswear	4,204	Broadridge Financial Solutions	3,813
Hermes International	4,163	Dassault Systems	3,810
Subtotal	50,489	Subtotal	44,471
Total purchases during the year	189,370	Total sales during the year	170,967

Top 10 holdings	As at 31.12.18
Halma	3.63%
Intuitive Surgical	3.57%
Roper Technologies	3.44%
Columbia Sportswear	3.44%
Visa 'A' Shares	3.37%
Cisco Systems	3.36%
Automatic Data Processing	3.35%
Alphabet	3.33%
Apple	3.32%
Fortinet	3.27%

Portfolio of investments

Holding	Investment	Market value £'000	Total value of Sub -Fund %
UNITED KINGDOM - 6.88% (9.27%)			
Chemicals - 3.25% (1.91%)			
80,000	Croda International	3,748	3.25
Measurement Technology - 3.63% (4.96%)			
309,091	Halma	4,185	3.63
Financial Services - 0.00% (2.40%)			
Total United Kingdom		7,933	6.88
UNITED STATES - 77.08% (76.88%)			
Apparel & Accessories – 5.53% (0.00%)			
60,000	Columbia Sportswear	3,963	3.44
70,000	TJX	2,414	2.09
Automative – 2.79% (0.00%)			
12,000	O'Reilly Automotive	3,210	2.79
Civil Aviation – 0.00% (3.42%)			
Consulting – 3.35% (0.00%)			
38,000	Automatic Data Processing	3,866	3.35
Consumer Electronics – 3.32% (1.71%)			
31,000	Apple	3,824	3.32
Consumer Services – 5.34% (0.00%)			
3,000	Amazon.com	3,535	3.07
16,000	Vail Resorts	2,620	2.27
Defence – 0.00% (7.92%)			
Diversified Manufacturing – 3.44% (5.50%)			
19,000	Roper Technologies	3,964	3.44
Engineering Technology – 0.00% (7.49%)			
Environmental Services – 0.00% (2.86%)			
Financial Services – 9.59% (8.17%)			
24,000	Chicago Mercantile Exchange	3,520	3.05
25,000	Mastercard	3,652	3.17
38,000	Visa 'A' Shares	3,884	3.37
Household Products – 2.49% (0.00%)			
56,000	Church & Dwight	2,875	2.49
Investment Management – 0.00% (2.98%)			
Measurement Technology 0.00% (2.89%)			
Medical Products – 2.67% (7.79%)			
25,000	Stryker	3,076	2.67
Medical Technology – 3.57% (5.01%)			
11,000	Intuitive Surgical	4,112	3.57
Microelectronic Manufacturing – 8.10% (14.13%)			
85,000	Applied Materials	2,166	1.88
100,000	Intel	3,693	3.20
12,000	Nvidia	1,267	1.10
30,000	Texas Instruments	2,209	1.92

Non Life Insurance – 2.44% (0.00%)		
60,000 Progressive Corporation	2,817	2.44
Retail – 0.57% (0.00%)		
10,000 Tractor Supply	651	0.57
Software – 20.51% (7.01%)		
20,000 Adobe Systems	3,509	3.04
4,700 Alphabet	3,842	3.33
47,000 Citrix Systems	3,773	3.27
67,995 Fortinet	3,774	3.27
20,000 Intuit	3,082	2.67
47,000 Microsoft	3,707	3.22
30,000 Synopsys	1,972	1.71
Telecommunications - 3.36% (0.00%)		
115,000 Cisco Systems	3,876	3.36
Total United States	88,853	77.07
AUSTRALIA - 2.67% (0.00%)		
Pharmaceuticals & Biotechnology - 2.67% (0.00%)		
30,184 CSL	3,074	2.67
Total Australia	3,074	2.67
CANADA - 1.88% (0.00%)		
Software – 1.88% (0.00%)		
46,000 CGI	2,172	1.88
Total Canada	2,172	1.88
FRANCE - 1.87% (5.87%)		
Luxury Goods - 0.00% (5.87%)		
Apparel & Accessories – 1.87% (0.00%)		
12,000 L'Oréal	2,153	1.87
Total France	2,153	1.87
GERMANY - 0.00% (3.24%)		
Financial Services - 0.00% (3.24%)		
IRELAND - 6.02% (0.69%)		
Consulting - 2.96% (0.69%)		
31,000 Accenture	3,407	2.96
Medical Technology – 3.06% (0.00%)		
50,000 Medtronic	3,532	3.06
Total Irelands	6,939	6.02
NETHERLANDS - 2.39% (2.53%)		
Diversified Manufacturing - 0.00% (2.53%)		
Professional Services – 2.39% (0.00%)		
60,000 Wolters Kluwer	2,751	2.39
Total Netherlands	2,751	2.39
SWITZERLAND - 0.00% (2.37%)		
Transportation - 0.00% (2.37%)		

Forward Foreign Exchange Contracts - 0.03% (0.17%)		
Buy £97,350,285 Sell $124,544,123 (expires 15/01/2019)	132	0.11
Buy £3,048,398 Sell AU$5,399,012 (expires 15/01/2019)	77	0.07
Buy £14,864,603 Sell €16,662,410 (expires 15/01/2019)	(27)	(0.02)
Buy £2,249,526 Sell CA$3,855,030 (expires 15/01/2019)	43	0.04
Buy €11,120,210 Sell £10,038,716 (expires 15/01/2019)	(100)	(0.09)
Buy $14,440,451 Sell £11,359,756 (expires 15/01/2019)	(88)	(0.08)
Buy CA$240,580 Sell £140,038 (expires 15/01/2019)	(2)	-
Total Forward Foreign Exchange Contracts	35	0.03
Portfolio of investments	113,910	98.81
Net other assets	1,371	1.19
Net assets	115,281	100.00

The comparative percentage figures in brackets are at 31 December 2017.
Other than forward currency contracts, all investments are listed on recognised stock exchanges and are "approved securities" within the meaning of the FCA rules unless otherwise stated.

Financial Statements of the Sub-Fund

Statement of Total Return

This statement of total return is prepared in accordance with IMA SORP 2014. The financial statements are prepared in the base currency (Sterling) of the Sub-Fund.

	Note	£'000	Year ended 31.12.18 £'000	£'000	Year ended 31.12.17 £'000
Income					
Net capital (losses)/gains	1		(12,457)		15,804
Revenue	2	1,449		916	
Expenses	3	(1,263)		(699)	
Interest payable and similar charges		(10)		(7)	
Net revenue before taxation		176		210	
Taxation	4	(158)		(110)	
Net revenue after taxation			18		100
Total (deficit)/return before distributions			(12,439)		15,904
Distributions	5		(18)		(90)
Change in net assets attributable to shareholders from investment activities			(12,457)		15,814

Statement of Change in Net Assets Attributable to Unitholders

The statement of change in net assets attributable to unitholders reconciles the opening and closing net assets attributable to unitholders.

	£'000	Year ended 31.12.18 £'000	£'000	Year ended 31.12.17 £'000
Opening net assets attributable to unitholders		99,507		47,169
Movement due to issue and cancellation of units:				
Amounts receivable on issue of units	61,551		43,909	
Amounts payable on cancellation of units	(33,423)		(7,570)	
		28,128		36,339
Dilution adjustment		53		38
Change in net assets attributable to unitholders				
From investment activities (see above)		(12,457)		15,814
Retained distribution on accumulation units		50		147
Closing net assets attributable to unitholders		115,281		99,507

Balance Sheet

	Note	As at 31.12.18 £'000	As at 31.12.17 £'000
Assets:			
Fixed assets:			
Investments		114,127	100,688
Current assets:			
Debtors	6	932	2,066
Cash and bank balances	7	1,876	660
Total assets		116,935	103,414
Liabilities:			
Investment liabilities		(217)	(162)
Creditors:			
Bank overdrafts		-	(2,898)
Other creditors	8	(1,437)	(847)
Total liabilities		(1,654))	(3,907)
Net assets attributable to shareholders		115,281	99,507

Equitile Investments

Notes to the Financial Statements

1. Net capital (losses) / gains

	Year ended 31.12.18 £'000	Year ended 31.12.17 £'000
Non-derivative securities (losses)/gains	(4,888)	12,168
Forward currency contracts (losses)/gains	(7,362)	3,688
Currency losses	(63)	(14)
Transaction charges	(37)	(38)
Portfolio Hedging Fee*	(107)	-
Net capital (losses)/gains	(12,457)	15,804

* Due to the underlying nature of the fee, it is deemed more appropriate to disclose in capital against Net capital (losses)/gains. No restatement has been made for prior periods where the fee was previously charged as an expense against revenue.

2. Revenue

	Year ended 31.12.18 £'000	Year ended 31.12.17 £'000
UK dividends	113	81
Overseas dividends	1,330	823
Stock dividends	-	10
Deposit interest	2	2
Bank interest	4	-
Total revenue	1,449	916

3. Expenses

	Year ended 31.12.18 £'000	Year ended 31.12.17 £'000
Payable to the Manager or associate		
Management Fee	925	517
Payable to the Trustee or associate		
Trustee Fee	79	39
Fund Accounting Fee	104	55
Middle Office Fee	20	11
Portfolio Hedging Fee*	-	39
Safe Custody Fee	3	7
Share Class Hedging Fee	5	4
Transfer Agency & Registrars Fee	6	6
Other expenses	91	-
Total payable to the Trustee or associate	308	161
Other expenses		
Audit Fee	12	15
Legal Fees	-	6
Professional Fee	18	-
Total other expenses	30	21
Total expenses	1,263	699

*Due to the underlying nature of the fee, it is deemed more appropriate to disclose in capital against Net capital (losses)/gains. No restatement has been made for prior periods where the fee was previously charged as an expense against revenue.

Notes to the Financial Statements

4. Taxation

	Year ended 31.12.18 £'000	Year ended 31.12.17 £'000
Analysis of charge in the year		
Overseas tax	158	110
Total taxation	158	110

As the Scheme is an umbrella co-ownership ACS neither the Scheme nor its Sub-Funds are subject to UK tax on income or capital profits.

5. Distributions

	Year ended 31.12.18 £'000	Year ended 31.12.17 £'000
Final distribution	50	147
(Less)/Add: Revenue deducted on cancellation of units	(8)	12
Less: Revenue received on issue of units	(24)	(69)
Total distributions	18	90

The differences between the net revenue after taxation and the distributions for the year are as follows:

	Year ended 31.12.18 £'000	Year ended 31.12.17 £'000
Net revenue after taxation for the year	18	100
Stock dividends not distributable	-	(10)
Total distributions	18	90

6. Debtors

	As at 31.12.18 £'000	As at 31.12.17 £'000
Amounts receivable on issue of units	-	2,000
Accrued dividends	111	40
Accrued recoverable tax	26	26
Sales awaiting settlement	795	-
Total debtors	932	2,066

7. Cash and bank balances

	As at 31.12.18 £'000	As at 31.12.17 £'000
Cash and bank balances	766	-
Amounts held at derivatives clearing houses and brokers	1,110	660
Total cash and bank balances	1,876	660

Notes to the Financial Statements

8. Other creditors

	As at 31.12.18 £'000	As at 31.12.17 £'000
Amounts payable on cancellation of units	1,145	-
Purchases awaiting settlement	-	681
Accrued expenses	292	166
Total other creditors	1,437	847

9. Reconciliation of units

	Class A1 Resilience GBP Acc	Class X3 Resilience USD Acc
Opening units in issue	726,616	50,794
Unit movements in year:		
Units issued	438,179	6,385
Units cancelled	(249,321)	(810)
Closing units at 31.12.18	915,474	56,369

10. Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or commitments at the year end (2017 - £Nil).

11. Related parties

The Fund's Manager, Equitile Investments Ltd is a related party to the Sub-Fund as defined by Financial Reporting Standard 102.33 ‘Related Party Disclosures’.

Management fees paid to Equitile Investments Ltd are shown in note 3 and details of units issued and cancelled by the Manager are shown in the statement of change in net assets attributable to unitholders. The balance due to the Manager at the year end in respect of Management fees was £72,442 (2017 - £43,527). Any balance due from the Manager in respect of issues is shown in note 6. Any balance due to the Manager in respect of cancellations is shown in note 8.

The Equitile Resilience Feeder Fund as a feeder vehicle for the Fund holds units comprising 95.90% (2017 - 95.30%) of the total net assets of the Sub-Fund.

Notes to the Financial Statements

12. Financial instruments

The policies applied in the management of risk disclosures are set out on pages 27 to 28.

Fair value of financial assets and financial liabilities

The fair values of the Sub-Fund's assets and liabilities are represented by the values shown in the balance sheet on page 17. There were no instances of invoking the Fair Value Pricing for the year (2017: nil).

Currency exposures

A significant proportion of the Sub-Fund's assets are denominated in currencies other than Sterling, with the effect that the balance sheet and total return can be affected by currency movements. For further details, refer to 'Currency Risk' under section titled 'Risk Management Frameworks' (on Pages 27 and 28).

Net currency asset exposure as at 31.12.18

Currency	Net other assets £'000 31.12.18	Investments £'000 31.12.18	Total £'000 31.12.18
Australian Dollar	-	103	103
Canadian Dollar	-	103	103
Euro	8	(49)	(41)
Swiss Franc	18	-	18
US Dollar	1,633	9,846	11,479
Sterling	(288)	103,907	103,619
Total	1,371	113,910	115,281

A 5% change in the FX rate will move the Net Asset Value of the Sub-Fund by £583,100. It should be noted that in addition, the Sub-Fund employs an Asset Hedging strategy that has a performance criteria of 95-105% - this strategy is designed to materially reduce the impact of currency movements on the NAV of the fund.

Net currency asset exposure as at 31.12.17

Currency	Net other assets £'000 31.12.17	Investments £'000 31.12.17	Total £'000 31.12.17
Euro	9	24	33
Swiss Franc	17	(6)	11
US Dollar	(1,151)	5,461	4,310
Sterling	106	95,047	95,153
Total	(1,019)	100,526	99,507

A 5% change in the FX rate will move the Net Asset Value of the Sub-Fund by £217,600. It should be noted that in addition, the Sub-Fund employs an Asset Hedging strategy that has a performance criteria of 95-105% - this strategy is designed to materially reduce the impact of currency movements on the NAV of the Sub-Fund.

Counterparty Exposure and Collateral

Counterparty 31.12.18		Forward Foreign Exchange Contracts £000	Total £000
HSBC	- Exposure	35	35
	- Cash collateral	1,110	1,110
Total		1,145	1,145

Counterparty 31.12.17		Forward Foreign Exchange Contracts £000	Total £000
HSBC	- Exposure	165	165
	- Cash collateral	660	660
Total		825	825

Notes to the Financial Statements

13. Transaction costs

Year ended 31.12.18

Analysis of total purchases costs	Value	Commissions		Taxes and expenses		Total after Transaction Cost	
	£'000	£'000	%	£'000	%	£'000	%
Equity transactions	189,176	74	0.04	77	0.04	189,327	0.08
Fund transactions	43	-	-	-	-	43	-
Total	189,219	74	0.04	77	0.04	189,370	0.08

Year ended 31.12.18

Analysis of total sales costs	Value	Commissions		Taxes and expenses		Total after Transaction Cost	
	£'000	£'000	%	£'000	%	£'000	%
Equity transactions	170,987	61	0.04	2	0.00	170,924	0.04
Fund transactions	43	-	-	-	-	43	-
Total	171,030	61	0.04	2	0.00	170,967	0.04

There were no transaction costs on derivatives during the year.

Commissions and taxes as percentage of average net asset value:

Commissions 0.10%
Taxes and Expenses 0.06%

At the balance sheet date the portfolio dealing spread was 0.30%, being the difference between the respective bid and offer prices for the Sub-Fund's investments.

Year ended 31.12.17

Analysis of total purchases costs	Value	Commissions		Taxes and expenses		Total after Transaction Costs	
	£'000	£'000	%	£'000	%	£'000	%
Equity transactions	81,796	38	0.05	34	0.04	81,868	0.09
Corporate actions	10	-	-	-	-	10	-
Total	81,806	38	0.05	34	0.04	81,878	0.09

Year ended 31.12.17

Analysis of total sales costs	Value	Commissions		Taxes and expenses		Total after Transaction Costs	
	£'000	£'000	%	£'000	%	£'000	%
Equity transactions	40,541	19	0.05	1	0.00	40,521	0.05
Total	40,541	19	0.05	1	0.00	40,521	0.05

There were no transaction costs on derivatives during the year.

Commissions and taxes as percentage of average net asset value:

Commissions 0.07%
Taxes and Expenses 0.05%

At the balance sheet date the portfolio dealing spread was 0.19% being the difference between the respective bid and offer prices for the Sub-Fund's investments.

Notes to the Financial Statements

14. Portfolio fair value hierarchy

The fair values of the Sub-Fund's assets and liabilities are represented by the values shown in the balance sheet. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair values.

The fair value of investments has been determined using the following hierarchy:

Category 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Category 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Category 3: Inputs are unobservable (i.e for which market data is unavailable) for the asset or liability.

An analysis of the portfolio's investment assets and liabilities in accordance with the fair value hierarchy is noted below:
As at 31.12.18

	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	113,875	-	-	113,875
Derivatives	-	252	-	252
Total	113,875	252	-	114,127
Investment Liabilities	£'000	£'000	£'000	£'000
Derivatives	-	(217)	-	(217)
Total	-	(217)	-	(217)

An analysis of the portfolio's investment assets and liabilities in accordance with the fair value hierarchy is noted below:
As at 31.12.17

	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	100,361	-	-	100,361
Derivatives	-	327	-	327
Total	100,361	327	-	100,688
Investment Liabilities	£'000	£'000	£'000	£'000
Derivatives	-	(162)	-	(162)
Total	-	(162)	-	(162)

15. Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017 - £Nil).

Distribution Tables

	Distribution payable 2018	Distribution payable 2018
Dividend distributions on accumulation units	p	US₵
Class A1 Resilience GBP Acc	6.010289	
Class X3 Resilience USD Acc		0.000000

	Distribution paid 2017	Distribution paid 2017
Dividend distributions on accumulation units	p	US₵
Class A1 Resilience GBP Acc	20.019584	
Class X3 Resilience USD Acc		4.369133

The Sub-Fund is tax transparent for income purposes meaning that UK tax-paying shareholders are subject to tax on their share of income, net of allowable expenses, as it arises to the Sub-Fund and not on distributions of income after deduction of expenses.

When a unit is purchased during the distribution year, part of the purchase price of the unit reflects the relevant unit of income and expenses accrued by the Sub-Fund, and this will be disclosed on the contract note. This purchased income and expense, a capital sum, should be deducted from the aggregate accrued income or expense as applicable.

The subscription price disclosed on the contract note reflects the acquisition cost, which should be adjusted by the capital sum referred to above.

It is the responsibility of the unitholder to maintain a record of the relevant amount(s) of income equalisation and to make the appropriate adjustment when completing their tax calculations.

Summary of Significant Accounting Policies

Basis of Preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The Fund has adopted FRS 102 and the 2014 SORP.

Base Currency

The base currency of the Sub-Fund is Sterling.

Revenue Recognition

Revenue from collective investment Schemes, quoted equity and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend. Overseas revenue received after the deduction of withholding tax is shown gross of taxation, with the taxation consequences shown within the taxation charge.

Equalisation received from distributions or accumulations on units or shares in collective investment Schemes is treated as capital and deducted from the cost of the investments. Bank interest and other revenue are recognised on an accruals basis.

Stock Dividends

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Sub-Fund but does not form part of the distribution. Any enhancement above the cash dividend is treated as capital.

Special Dividends

Special dividends are recognised as either revenue or capital depending upon the nature and circumstances of the dividend.

Expenses

For accounting purposes, all expenses (other than those relating to the purchase and sale of investments) are charged against revenue for the year on an accruals basis.

Distributions

Amounts distributable are calculated after excluding expenses borne by capital as agreed by the Manager and Depositary. Scrip dividends will not be distributed.

Valuations

All investments are valued at their fair value at 3 pm on 31 December 2018, being the last business day of the financial year. The fair value of units is bid-price. The fair value of all single priced collective investment Schemes is their single price. Equities listed on recognised stock exchanges are valued by reference to the single or the average of the quoted buying and selling price of the relevant equity. The details of determination of net asset value for the Sub-Fund, including for equities, can be found in the Prospectus of the Sub-Fund at www.equitile.com.

Foreign Currencies

Assets and liabilities in currencies other than sterling are translated into sterling at the exchange rates prevailing at 3 pm on the last working day of the accounting year. Transactions in foreign currencies are translated at the exchange rate prevailing at the transaction date. Where forward positions in currencies are held, these are translated at the appropriate forward rate.

Taxation

As the Scheme is an umbrella co-ownership ACS scheme, neither the Scheme nor it's Sub-Fund are subject to the UK tax on income or capital gains. Withholding tax on overseas dividends is accounted for when the security is quoted ex dividend.

Dilution Adjustment

Under certain circumstances the Manager may carry out a dilution adjustment, in accordance with the Financial Conduct Authority Regulations, on all subscriptions and redemptions of units, which is paid into the Sub-Fund and included in the Statement of Change in Net Assets Attributable to Unitholders. The adjustment is intended to cover certain dealing charges not included in the mid-market value of the Sub-Fund used in calculating the share price, which could have a diluting effect on the performance of the Sub-Fund.

Efficient Portfolio Management

Where appropriate, certain permitted transactions such as derivatives or forward foreign currency transactions are used for efficient portfolio management. Where such transactions are used to protect revenue, and the circumstances support this, the revenue and expenses derived there from are included in 'Revenue' or 'Expenses' in the Statement of Total Return. Where such transactions are used to protect capital, and the circumstances support this, the gains and losses derived therefrom are included in 'Net capital gains' in the Statement of Total Return. Any positions on such transactions open at the year-end are reflected in the sub-fund's Portfolio of Investments at their fair value.

Internal Control and Risk Management Frameworks

The Manager is responsible for establishing and maintaining adequate internal control and risk management systems in relation to the financial reporting process. The Manager has procedures in place to ensure all relevant accounting records of the Scheme are properly maintained and are readily available, including production of annual and semi-annual financial statements. The Manager has appointed HSBC Bank Plc (the "Administrator") as the Scheme's administrator consistent with the regulatory framework applicable to the Scheme. The Administrator has functional responsibility for the preparation of the Scheme's annual and semi-annual Financial Statements and the maintenance of its accounting records. On appointing the Administrator, the Board of Directors (the "**Board**") of the Manager noted that it is regulated by the UK Financial Conduct Authority (FCA) and, in the Board's opinion, has significant experience as an Administrator. The Board also noted the independence of the Administrator from the Manager. Subject to the supervision of the Board, the appointment of the Administrator is intended to manage rather than eliminate the risk of failure to achieve the Scheme's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The annual and semi-annual financial statements of the Scheme are required to be approved by the Board and filed with the FCA within the relevant respective time periods. The statutory financial statements are required to be audited by independent auditors who report annually to the Board on their findings. The Board evaluates and discusses significant accounting and reporting issues as the need arises. The Board reviews the financial statements prior to their approval. The annual financial statements are subject to independent audit by PricewaterhouseCoopers LLP (the "**Auditors**") and the Board receives and considers a report from the Auditors as to the audit process.

This report includes observations as to the extent to which (i) the annual financial statements provide a true and fair view (ii) adjustments were made to the accounting records maintained by the Administrator in order to provide financial statements giving a true and fair view and (iii) potential significant control weaknesses identified by the Auditors during the audit process. The report has been presented at the board meeting where the financial statements are presented to the Board for approval.

Composition of the board of Directors

Unless otherwise determined by an ordinary resolution of the Company in general meeting, the number of Directors may not be less than two. Currently, the Board is composed of five Directors. The business of the Company is managed by the Directors. A Director may at any time summon a meeting of the Directors. Questions arising at any meeting of the Directors are determined by a majority of votes. The quorum necessary for the transaction of business at a meeting of the Directors is three. The Directors who held office at the date of these financial statements are:

George Cooper
Andrew McNally
Nigel Hellewell
Thor Johan Furuholmen
Xiyang (Daniel) He

Directors' interests and transactions

The Directors of the Management Company are also shareholders and directors of the parent company of Equitile Investments Ltd i.e., Equitile Ltd. There are no external contracts or arrangements of any significance in relation to the business of the Company in which the Directors had any interest any time during the financial year. No Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or issued to, the Company and no Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature and conditions or significant in relation to the business of the Company

Transactions with connected persons

Any transaction carried out with a UCITS by a management company or depositary to the UCITS, the delegates or sub-delegates of the management company or depositary, and any associated or group of such a management company, depositary, delegate or sub-delegate ("connected persons") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the Unitholders. The Directors are satisfied that there are arrangements are firmly in place.

Significant events during the financial year

There were no significant events during the year.

Statement of Compliance

The financial statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014 (2014 SORP).

Internal Control and Risk Management Frameworks

Risk Management Frameworks

The Manager has a documented risk management framework which details the processes and procedures used to identify, measure, manage and monitor appropriately all risks to which the funds are or may be exposed. The risks covered by the framework include market risk, liquidity risk, currency risk, credit/counterparty risk, operational risk and any other risks that might be material to the funds. The risks are both investment and operational and refer to the risk of loss arising from inadequate or failed processes, people or systems including attempted fraud. The risk framework details:

- the techniques, tools and arrangements including systems and processes used;
- the content and frequency of reports; and
- the allocation of responsibilities between key staff and departments.

The main risk management processes used by the Manager are fully integrated with the daily management of the Sub-Fund's portfolio and is used to measure and monitor market risk, credit / counterparty risk and liquidity risk. A separate process is maintained to track instances of operational risk and monitor amendments to controls made, seeking to ensure that any operational errors do not re-occur. The Manager has a formal structure of which includes an Operating Committee and a Risk management Committee who review the risk profile, including market, credit, operational and liquidity risks, of the Sub-Fund and publish and circulate this information internally on a regular basis. As part of its governance processes, the Manager reviews the performance of the risk management framework and its associated arrangements, processes, systems and techniques on at least an annual basis or after a risk event. The risk management framework is updated by the Manager following any significant change in the business or in risk exposures and at least annually. It is also reviewed by the Depositary.

Market Risk

Market risk is the risk of loss arising from fluctuations in the market value of investments held by the funds attributable to changes in market variables, such as equity prices, foreign exchange rates, interest rates or the credit worthiness of an issuer. The risk management framework monitors the levels of market risk to which the funds are exposed in relation to the fund investment objective and policy.

Leverage

The Sub-Fund does not use leverage as part of its investment strategy. The Sub-Fund uses the commitment method to calculate global exposure in preference to the VaR method and therefore, although VaR is calculated for internal purposes, it does not form part of the formal limits structure for the Sub-Fund and no details are provided here.

Liquidity Risk

Liquidity risk exists when the sale of assets or exit of trading positions is impaired by such factors as decreased trading volume, increased price volatility, industry and government regulations, and overall position size and complexity. It may be impossible or costly for the Sub-Fund to liquidate positions rapidly particularly if there are other market participants seeking to dispose of similar assets at the same time or the relevant market is otherwise moving against a position or in the event of trading halts or daily price movement limits on the market or otherwise. Derivative transactions that are particularly large and bonds traded in the secondary market may be less liquid and it may be difficult to achieve fair value on transactions. Closing positions held in the secondary markets prematurely, for instance, to meet client redemption requests, can result in increased transaction costs which will be reflected in the investment returns.

Liquidity risk is the possibility that the fund will not be able to sell its assets without incurring losses within the timeframe required to meet investor redemptions. The asset liquidity profile of the fund is monitored on a regular basis and compared to both historical investor redemption patterns and potential redemption scenarios, with the aim of ensuring that the fund will be able to meet any actual redemptions in a timely manner. The liquidity risk management process includes an assessment of the market turnover, percentage of an issue held by the fund, credit rating of the issuer and/or the buy-sell spread of the market in the securities held where the information is available and is applicable.

Liquidity profile stress tests under both normal and exceptional conditions are conducted on a regular basis. If market liquidity is perceived to be decreasing, the Manager might seek to take any of the following actions to improve the liquidity profile of a fund: maintain higher cash balances; maintain a greater proportion of assets in securities which are traditionally more liquid; diversify the range of issue.

Credit Risk

Credit risk comprises both credit issuer risk and counterparty risk. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation. The Sub-Fund will be exposed to a credit risk for the parties with whom it trades. Under normal market conditions the Master Fund remains close to fully invested in equity securities. However, allocations to bonds may be made periodically for the purpose of capital preservation. Investing in sovereign debt, any other debt guaranteed by a sovereign government, or corporate debt entails risks related to the issuer's ability and willingness to repay the principal and pay interest. A default by the issuer of the bond may impact the value of the Master Fund.

Credit risk may also arise through a default by one or several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Master Scheme interacts on a daily basis.

Internal Control and Risk Management Frameworks

In line with the fund documentation the Sub-Funds may use FX forwards in order to hedge or manage the FX risk of both the Assets and the share classes.

Currency Risk

Hedged unit class

The Sub-Fund is made up of multiple classes of Units, some of which will be Hedged Unit Classes and some not hedged. Unitholders that do not invest in hedged units are not expected to be affected by the associated currency hedging strategies for that hedged unit class.

Hedging transactions are designed to reduce, within defined performance limits, the currency risk for Unitholders, however there is no guarantee that attempts to hedge currency risk will be successful and no hedging strategy can eliminate currency risk entirely. Should a hedging strategy be incomplete or unsuccessful, the value of the Sub-Fund's assets and income can remain vulnerable to fluctuations in currency exchange rate movements. Unitholders should be aware that there may be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the Sub-Fund. The gains/losses on and the costs of such hedging transactions accrue solely to the relevant hedged unit class.

Unitholders investing in any hedged unit class may be exposed to fluctuations in the net asset value per unit in relation to the relevant hedged unit class reflecting the gains/losses on and the costs of the hedging transactions and the relevant financial instruments. In the case of a net investment flow to or from a Hedged Unit Class, the hedging strategies may not be accurately adjusted and reflected in the net asset value of the said class until the following or a subsequent Business Day following the valuation day on which the instruction was accepted. Sub-Fund performance could vary from one class of Unit to another within the same Sub-Fund. Actual returns expressed in the Sub-Fund's base currency will vary over time in accordance with the fluctuations of the exchange rate between the Currency of Return and the Sub-Fund's base currency.

Asset Hedging

The investments of the Sub-Fund may be acquired in currencies which are different from its base currency and therefore the performance may be impacted by movements in exchange rate between the base currency and investment currency. The assets of the Sub-Fund not denominated in its base currency are hedged using Short Dated FX Forwards (OTC Derivatives) to manage currency risks. The risk arising from investing in non-base currency assets is substantially mitigated through the use of FX Forwards.

Hedging techniques employed by the Sub-Fund could involve a variety of derivative transactions. As a result, hedging techniques involve different risks than those of underlying investments, including liquidity risk and the potential for loss in excess of the amount invested. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position (including asset positions) being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the Sub-Fund’s positions.

In addition, although the contemplated use of these techniques should minimise the risk of loss due to a decline in the value of the hedged position, at the same time they may limit any potential gains resulting from an increase in the value of such positions.

There can be no assurance that hedging transactions will be successful in protecting against adverse market and/or currency movements.

Counterparty Risk

Counterparty risk arises primarily with the financial brokers through whom the Fund buys and sells securities. The Sub-Fund may only transact with brokers from an approved broker list maintained by the Manager. All brokers on the Manager approved list are subject to regular credit and general business checks. The Sub-Fund may also be exposed to counterparty risks arising from the use of forward currency instruments, usually transacted to decrease exposure to foreign currency. These risks are monitored daily.

Remuneration Disclosures

The provisions of the Undertaking in Collective Investments Schemes Directive ("UCITs V") took effect on 18 March 2016. The legislation requires the Manager to establish and maintain remuneration policies for its staff which are consistent with and promote sound and effective risk management. The Board of Directors has established a remuneration policy to ensure the UCITs Remuneration Code in the UK FCA handbook is met proportionately for all UCITs Remuneration Code Staff. The policy sets out a framework for determining the level of fixed and variable remuneration of staff, including maintaining an appropriate balance between the two.

Arrangements for variable remuneration, where applicable, are calculated primarily by reference to the performance of each individual and the profitability of the relevant business unit. The policy is designed to reward long term performance and long term profitability.

All staff are employed by Equitile Investments Ltd with none employed directly by the Scheme. No performance fee was charged to the Fund for the year ending 31.12.2018 (2017: same)

Under the UCITs V Directive, the Manager is required to disclose information relating to the remuneration paid to its staff, split into fixed and variable remuneration. The total remuneration of those individuals who are fully or partly involved in the activities of the Scheme for the Scheme's financial year ending 31 December 2018, is analysed in the table below:

	Number of Staff	Total Remuneration (£'000)
Fixed Remuneration	7	634
Variable Remuneration	1	10
Performance Fees	0	0
UCITS Code Staff, of which:	7	644
Senior Management	5	516
Other Code Staff	2	118

The staff members included in the above analysis support all the sub-funds managed by the Manager. It is not considered feasible or useful to attempt to apportion these figures to individual sub-funds and are based on assets under management. The Board has reviewed the general principles of the Remuneration Policy and its application in the last year which has resulted in no material changes to the Policy. The details of the Company's Remuneration Policy can be found at www.equitile.com.

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