

# Equitile Investments ACS

## Interim Report (Unaudited)

For the period 01 January 2017 to 30 June 2017



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General information

<b>1.</b> ACS Manager - Equitile Investments Ltd	Directors 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 : Bridge House, 4 Borough High Street, London SE1 9QR, United Kingdom
<b>2.</b> Depository	HSBC Bank Plc	8 Canada Square, London E14 5HQ, United Kingdom
<b>3.</b> Registrar	HSBC Bank Plc	8 Canada Square, London E14 5HQ, United Kingdom
<b>4.</b> Independent Auditors	PricewaterhouseCoopers LLP	7 More London, Riverside, London SE1 2RT United Kingdom



## ACS Manager's Report

### 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 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 comprising separate Sub-Funds and segregated portfolio of assets. Accordingly, the 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 30 September 2016.

#### 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.

### ACS Manager's Statement

In accordance with the Regulations, we hereby certify the report on behalf of the Directors of Equitile Investments Ltd.

Andrew Christopher McNally  
Chief Executive Officer (of the ACD)

William Nigel Hellewell  
Chief Operating officer (of the ACD)

21 August 2017



## Sub-Fund Review

As at 30 June 2017, the Scheme had 1 active sub-fund.

Fund	Launch date	Base currency
Equitile Resilience Fund	29 February 2016	GBP

The specific investment objectives and policies for the Sub-Fund are formulated by the Directors and set out in the Scheme’s prospectus and other Scheme literature.

### Investment Review

Please note this investment review is for the period from 31 December 2016 to 30 June 2017.

### Performance and Market Review

The Sub-Fund (the “Fund”) has seen a good start to 2017, which will be its first full calendar year of operation. In the long-term we anticipate the investment strategy deployed by the Fund will deliver high single-digit percentage point returns per year, on average, over the economic cycle. Although the returns generated during the first-half of this year have exceeded this expectation, they remain consistent with our broader expectations for the Fund’s strategy given the market environment.

For equity investors more broadly, it has been a good start to the year with markets in both the US and Europe seeing positive returns. Despite much hope on behalf of many market participants that European equity markets would finally start to outperform US equities, this has not been realised. Although European indices were ahead at the very start of the year, the US market soon recovered its poise – leaving the broader US market indices with approximately twice the return of the major European indices.

The political environment remains febrile. Uncertainty around the stability of the Trump administration in the US and the likely path of the Brexit negotiations, which are now well under way, continue to dominate the narrative. Although equity markets in aggregate have shrugged off this uncertainty, it has been at the heart of developments at the sectoral and regional level. Initial enthusiasm for the potential positive impact of Trump’s policies on economic growth, and the subsequent shift into more cyclical companies, soon waned and investors’ shift into European equities at the very start of the year has now been subsumed by a resurgence in interest in US growth stocks - particularly in areas such as healthcare and technology where your Fund has strong representation.

Having started with around 80% of your Fund invested in North American companies, there has been incremental investment in Europe as the year has progressed. Companies such as luxury goods manufacturers, LVMH and Kering, the Finnish healthcare company, Orion, and mid-sized Dutch specialist engineer, Aalberts Industries.



From an industry perspective, the most meaningful shift has been out of consumer staples into more technology rich sectors. In particular, Procter & Gamble, Ingredion, Saputo and Tyson Foods were sold during the period while additional investments were made into existing holdings in the semi-conductor manufacturing space. In addition, a new investment was made in that most recognisable of all technology companies, Apple.

Outlook

Equities will remain our preferred investment for some time to come. Although a rise in protectionism will contribute to inflationary pressure over time, central banks around the world continue struggling to deal with high levels of debt, making it difficult for them to increase interest rates to a level normally associated with increasing inflation or accelerating economic growth.

Consequently, as interest rates continue for the foreseeable future to lag behind where one would conventionally expect them to be, given broad levels of growth and inflation, the main challenge is to protect our investors' against inflationary pressure. We see equities as one of the main investments to achieve this.

In particular, by investing your Fund only in companies we deem financially resilient, we aim to manage risk while achieving superior growth over the long term.

Synthetic Risk and Reward Indicator (SRRI)

Lower risk				Higher risk		
Typically lower returns				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 a 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 Comparative Tables are prepared in accordance with Appendix A of IMA SORP 2014, on pages 8 & 9 give the performance of each active share class in the Sub-Fund.

The 'Return after operating charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-Fund's performance disclosed in the Manager's report which is calculated based on the latest published price.

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 and research costs.

**Comparative Table Class A1  
For the Period ended 30 June 2017**

Class A1 Resilience GBP Acc	30.06.17	31.12.16*
Change in net assets per unit		
Opening net asset value per unit	103.83	100.00
Return before operating charges**	12.03	4.77
Operating charges	(0.56)	(0.94)
Return after operating charges	11.47	3.83
Distribution on accumulation units	0.00	(0.20)
Retained distribution on accumulation units	0.00	0.20
Closing net asset value per unit	115.30	103.83
**after direct transaction costs of:	0.12	0.23
Performance		
Return after charges	11.05%	3.83%
Other information		
Closing net asset value (£'000)	74,117	43,064
Closing number of units	642,846	414,757
Operating charges^	1.02%	1.08%
Direct transaction costs	0.11%	0.23%
Prices		
Highest unit price	117.95	108.22
Lowest unit price	104.41	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.





**Comparative Table Class X3  
For the Period ended 30 June 2017**

Class X3 Resilience USD Acc	30.06.17	31.12.16*
Change in net assets per unit		
Opening net asset value per unit	97.86	100.00
Return before operating charges**	(11.88)	(1.63)
Operating charges	(0.64)	(0.51)
Return after operating charges	(11.24)	(2.14)
Distribution on accumulation units	0.00	(0.04)
Retained distribution on accumulation units	0.00	0.04
Closing net asset value per unit	109.10	97.86
**after direct transaction costs of:	0.09	0.16
Performance		
Return after charges	11.49%	-2.14%
Other information		
Closing net asset value (\$'000)	5,624	5,084
Closing number of units	51,544	51,954
Operating charges^	1.18%	1.21%
Direct transaction costs	0.08%	0.21%
Prices		
Highest unit price	111.61	101.53
Lowest unit price	98.41	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 period ended 30 June 2017 were as follows:

Purchases		Sales	
	Cost £'000		Proceeds £'000
3M Co	2,309	Johnson & Johnson	2,173
Kering	2,298	Newmont Mining	1,959
Baxter International	2,285	Ingredion	1,623
Adobe Systems	2,252	Walt Disney	1,604
Sonova	2,249	Saputo Group	1,527
Lam Research	2,222	AT & T	1,502
Applied Materials	2,190	Huntington Ingalls Industries	1,462
Boeing	2,129	Royal Dutch Shell 'A'	1,402
LVMH	2,099	Qualcomm	1,064
Cognex	2,051	Cincinnati Financial	1,044
<b>Subtotal</b>	<b>22,084</b>	<b>Subtotal</b>	<b>15,360</b>
<b>Total purchases during the period:</b>	<b>45,665</b>	<b>Total sales during the period:</b>	<b>20,918</b>

Top 10 holdings	As at 30.06.2017		As at 31.12.2016
Adidas	3.71%	Adidas	5.29%
Logitech	3.32%	Waste Management	4.79%
LVMH	3.07%	Johnson & Johnson	4.51%
Kering	3.04%	Logitech	3.91%
Boeing	3.03%	Newmont Mining	3.87%
Adobe Systems	2.97%	Stryker	3.85%
Baxter Internationals	2.97%	AT & T	3.72%
MarketAxess Holdings	2.94%	MarketAxess Holdings	3.68%
Toro	2.91%	Saputo Group	3.68%
Intuitive Surgical	2.90%	Toro	3.65%

\*Weighted average of portfolio



Portfolio of Investments of the Master Fund  
 As at 30 June 2017

Portfolio of investments			
Holding	Investment	Market value £'000	Total value of Master Fund %
<b>UNITED KINGDOM - 8.71% (7.70%)*</b>			
Chemicals – 2.14%** (1.69%)			
43,000	Croda International	1,676	2.14
Measurement Technology - 4.94% (4.90%)			
169,001	Halma	1,857	2.37
47,700	Intertek Group	2,021	2.57
Financial Services – 1.63% (0.00%)			
12,500	Aon	1,281	1.63
Software – 0.00% (1.11%)			
Total United Kingdom		6,835	8.71
<b>UNITED STATES – 63.80% (76.19%)</b>			
Mining – 0.00% (3.87%)			
Diversified Manufacturing – 3.78% (0.46%)			
14,000	3M Co	2,256	2.88
4,000	Roper Technologies	709	0.90
Civil Aviation – 3.03% (0.00%)			
15,500	Boeing	2,375	3.03
Measurement Technology 2.64% (0.00%)			
31,600	Cognex	2,076	2.64
Defence – 7.21% (10.87%)			
14,000	General Dynamics	2,139	2.73
8,600	Northrop Grumman	1,701	2.17
14,600	Raytheon	1,809	2.31
Machinery Manufacturing – 2.91% (3.65%)			
42,900	Toro	2,283	2.91
Environmental Services – 2.83% (4.79%)			
39,300	Waste Management	2,219	2.83
Consumer Goods – 1.65% (12.43%)			
19,239	Procter & Gamble	1,292	1.65
Medical Products – 5.73% (3.85%)			
50,000	Baxter International	2,328	2.97
20,200	Stryker	2,165	2.76
Medical Technology – 7.91% (10.14%)			
3,170	Intuitive Surgical	2,276	2.90



21,500	Masimo	1,515	1.93
16,600	NuVasive	998	1.27
8,950	Teleflex	1,417	1.81
Food Distribution – 1.71% (3.32%)			
34,800	Sysco	1,344	1.71
Financial Services – 5.64% (9.62%)			
14,710	MarketAxess Holdings	2,303	2.94
35,200	Marsh & McLennan	2,119	2.70
Software – 4.86% (1.31%)			
21,400	Adobe Systems	2,331	2.97
26,400	Synopsys	1,486	1.89
Consumer Electronics 1.91% (0.00%)			
13,500	Apple	1,502	1.91
Microelectronic Manufacturing – 11.99% (4.39%)			
66,000	Applied Materials	2,103	2.68
22,500	KLA Tencor	1,597	2.04
19,000	Lam Research	2,078	2.65
23,900	Microchip Technology	1,430	1.82
19,700	Nvidia	2,196	2.80
Telecommunications - 0.00% (3.72%)			
Packaging - 0.00% (1.69%)			
Construction - 0.00% (0.60%)			
Retail - 0.00% (1.48%)			
Total United States		50,047	63.80
<b>CANADA – 2.01% (5.00%)</b>			
Civil Aviation – 2.01% (1.32%)			
119,133	CAE	1,578	2.01
Consumer Goods – 0.00% (3.68%)			
Total Canada		1,578	2.01
<b>FINLAND – 2.85% (0.00%)</b>			
Pharmaceuticals– 2.85% (0.00%)			
45,000	Orion Oyj	2,237	2.85
Total Finland		2,237	2.85
<b>FRANCE – 6.11% (1.22%)</b>			
Energy – 0.00% (0.73%)			
Consumer Services – 0.00% (0.49%)			
Luxury Goods – 6.11% (0.00%)			
12,400	LVMH	2,404	3.07
9,000	Kering	2,388	3.04
Total France		4,792	6.11



<b>GERMANY – 3.71% (5.29%)</b>		
Sportswear - 3.71% (5.29%)		
19,600	Adidas	2,913 3.71
Total Germany		2,913 3.71
<b>NETHERLANDS - 2.43% (0.00%)</b>		
Diversified Manufacturing – 2.43% (0.00%)		
62,000	Aalberts Industries	1,905 2.43
Total Netherlands		1,905 2.43
<b>SWITZERLAND - 6.06% (3.91%)</b>		
Medical Products – 2.74% (0.00)		
17,000	Sonova	2,150 2.74
Consumer Electronics – 3.32% (3.91%)		
92,000	Logitech	2,604 3.32
Total Switzerland		4,754 6.06
<b>Forward Foreign Exchange Contracts – 1.58% ((0.63%))</b>		
Buy £12,161,054 & Sell €13,796,005 (expires 26/07/2017)		14 0.02
Buy £54,056,049 & Sell US\$68,538,097 (expires 26/07/2017)		1,283 1.64
Buy £4,944,274 & Sell CHF6,082,550 (expires 26/06/2017)		41 0.05
Buy £1,573,531 & Sell C\$2,635,818 (expires 26/07/2017)		7 0.01
Buy US\$5,741,493 & Sell £4,529,160 (expires 24/07/2017)		(108) (0.14)
Buy £66,899 & Sell US\$87,038 (expires 24/06/2017)		- -
Total Forward Foreign Exchange Contracts		1,237 1.58
Portfolio of investments		76,298 97.26
Net other assets		2,153 2.74
Net assets		78,451 100.00

\*The comparative percentage figures in brackets are at 31 December 2016

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.

\*\* New industry classifications have been used for the current period – the comparative figures have been reworked to reflect this change.



## 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.

	Period ended 30.06.17	
	£'000	£'000
Income		
Net capital gains		5,107
Revenue	483	
Expenses	(284)	
Interest payable and similar charges	(6)	
Net revenue before taxation	193	
Taxation	(59)	
Net revenue after taxation		134
Total return before distributions		5,241
Distributions		39
Change in net assets attributable to unitholders from investment activities		5,280

### 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.

	Period ended 30.06.17	
	£'000	£'000
Opening net assets attributable to unitholders		47,169
Movement due to issue and cancellation of units:		
Amounts receivable on issue of units	27,740	
Amounts payable on cancellation of units	(1,765)	
		25,975
Dilution levy adjustment		27
Change in net assets attributable to unitholders from investment activities (see above)		5,280
Closing net assets attributable to unitholders		78,451



Balance Sheet

	As at 30.06.17 £'000	As at 31.12.16 £'000
Assets:		
Investments	76,406	47,366
Current assets:		
Debtors	617	58
Cash and bank balances	1,677	693
<b>Total assets</b>	<b>78,700</b>	<b>48,117</b>
Liabilities:		
Investment liabilities	(108)	(820)
Creditors:		
Other creditors	(141)	(128)
<b>Total liabilities</b>	<b>(249)</b>	<b>(948)</b>
<b>Net assets attributable to unitholders</b>	<b>78,451</b>	<b>47,169</b>



## Summary of Significant Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016 and are described in those annual financial statements.

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 and in accordance with FRS 102, the Financial Reporting Standards applicable in the UK and Republic of Ireland, and with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.





### Disclaimer

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