

Equitile Investments Feeder OEIC  
Annual Report and Audited Financial Statements

For the year ended 31 December 2017



Annual Report and Audited Financial Statements 2017

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\*These collectively comprise the Authorised Fund Manager’s Report



General information

1.	Board of Directors ACD	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
2.	Depository	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
5.	Representative and Paying Agent in Switzerland	Representative ACOLIN Fund Services AG  Paying Agent Aquila & Co. AG	Affolternstrasse 56, CH-8050 Zürich, Switzerland  Bahnhofstrasse 28a, CH – 8001 Zurich, Switzerland
6.	German Information Agent	Zeidler Legal Services	Bettinastrasse 48, 60325 Frankfurt, Germany
7.	Paying Agent in Sweden	MFEX Mutual Funds Exchange AB	Grev Turegatan 19, Box 5378, SE-102 49 Stockholm, Sweden
8.	Centralising correspondent in France	Société Generale	29, boulevard Haussmann – 75009, Paris, France
9.	Facilities Agent in Ireland	Zeidler Legal Process Outsourcing Ltd	5 Lower Mount Street, Dublin 2, Ireland.



### Equitile Investments Feeder OEIC Overview

Equitile Investments Feeder OEIC (the "Company") is an open-ended investment company with variable share capital and segregated liability between sub-funds of the Company ("Funds"). The Company was incorporated on 16 December 2015 and registered under the laws of England and Wales, registration number IC001053 and as an undertaking for collective investment in transferable securities pursuant to the European Communities ("Undertakings for Collective Investment in Transferable Securities") Regulations 2011 (as amended) (the "UCITS Regulations") and the Financial Services and Markets Act 2000 and the Open-Ended Investment Companies Regulation 2001 (SI 2001/1228). Equitile Investments Ltd is the Authorised Corporate Director (the "ACD") of the Company appointed under the terms of the ACD Agreement and its successors. The Company is structured as an umbrella investment company, and currently only comprises a single fund i.e., Equitile Resilience Feeder Fund (the "Sub-Fund"), which has been set up as a feeder fund investing into the Equitile Resilience Fund ("Master Fund") and investments by the Master Fund are made in accordance with the applicable investment objectives.

Except where otherwise stated or the context requires, capitalised terms have the meaning given to them in the Prospectus of the Company dated 20<sup>th</sup> February 2018.

#### Investment objective and policy

The Sub-Fund aims to generate capital growth by investing not less than 85 per cent of its Scheme Property in the Master Fund, a sub-fund of Equitile Investments ACS (the "Master Scheme"), an authorised contractual scheme constituted as a co-ownership scheme and authorised by the FCA.

To the extent that the Sub-Fund is not fully invested in the Master Fund, the Sub-Fund will hold its remaining assets in accordance with the FCA's Collective Investment Scheme's sourcebook ("COLL Sourcebook") (as detailed in Appendix 3 of the Company Prospectus dated 20<sup>th</sup> February 2018).

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 construction.

The Sub-Fund will utilise a hedging strategy with respect to the Hedged Share Classes. Other than the proposed hedging strategy, the Sub-Fund will not utilise derivatives for efficient portfolio construction or otherwise, in addition to any derivatives that may be utilised by the Master Fund as set out below and in the prospectus of the Master Fund.

The performance of the Sub-Fund is expected to be similar to the performance of the Master Fund but may not be exactly the same due to cash holding and transactional costs.

#### The Master Fund

The Master Fund is a sub-fund of the Master Scheme, a UCITS scheme under the COLL Sourcebook. The Master Fund was authorised by the FCA on 16 December 2015. Equitile Investment Limited is the manager of the Master Scheme.

#### Investment Objective and Policy of the Master Fund

The Master 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 Master 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 Master Fund and the average annual maximum loss of the Master 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 Master Fund within a given year. In normal market conditions, the Master Fund will be close to fully invested in equity securities (e.g. shares) of companies assessed as being well-managed, conservatively financed and benefiting from strong corporate governance.

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 Master 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 Master Fund may utilise derivatives for efficient portfolio construction and for hedging purposes.

## Annual Report and Audited Financial Statements 2017

### Statement of ACD and Depositary's Responsibilities

The Open-Ended Investment Companies Regulations 2001 and the FCA's Collective Investment Schemes sourcebook ("the Regulations") require the ACD to prepare financial statements for each annual accounting year, which give a true and fair view of the financial position of the Company 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 Company for the year then ended. In preparing the financial statements, the ACD 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 Instrument of Incorporation.
- follow United Kingdom Generally Accepted Accounting Practice and applicable accounting standards.
- prepare the financial statements on the 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 ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the Regulations. The Depositary is responsible for safeguarding the property of the Company and must take reasonable care to ensure that the Company is managed by the ACD in compliance with the Regulations and the provisions of the Instrument of Incorporation and Prospectus. The ACD and Depositary are responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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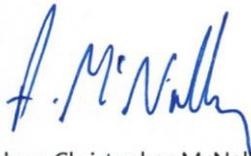
### ACDs' Report to Shareholders

The ACD, as sole director, presents its report and the audited financial statements of the Company for the year from 01 January 2017 to 31 December 2017. The Company is a UCITS scheme which complies with the Financial Conduct Authority's Collective Investment Schemes sourcebook. The shareholders are not liable for the debts of the Company. The names and addresses of the ACD, the Depositary and the Auditors are detailed on page 3.

The Company is organised as an umbrella company for the purposes of the OEIC Regulations and may be comprised of separate sub-funds. All sub-funds shall have a segregated portfolio of assets and, accordingly, the assets of the sub-funds 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 the Company or any other sub-funds that may be established under the Company on a later date and shall not be available for any other purpose. As of the date of this Report, the Company has one Sub-Fund, the Equitile Resilience Feeder Fund, which invests at least 85 per cent of its Scheme Property in the Master Fund, a sub-fund of the Master Scheme.

### Director'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 ACD.

A handwritten signature in blue ink that reads "A. McNally".

**Andrew Christopher McNally**  
Chief Executive Officer (of the ACD)

A handwritten signature in blue ink that reads "William Nigel Hellewell".

**William Nigel Hellewell**  
Chief Operating Officer (of the ACD)

27 April 2018

## Annual Report and Audited Financial Statements 2017

### Statement and Report of the Depositary

#### Statement of the Depositary's responsibilities in respect of the Scheme and Report of the Depositary to the Shareholders of the Equitile Investment Feeder OEIC ("the Company") for the year ended 31<sup>st</sup> December 2017

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

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

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations: and
- the instructions of the Authorised Contractual Director ("the ACD"), 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 Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

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

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

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,

Lorna Murphy  
Senior Trustee and Depositary Manager



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Independent Auditors' Report to the Shareholders of Equitile Investments Feeder OEIC

Report on the audit of the financial statements

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Opinion

In our opinion, Equitile Investments Feeder OEIC's financial statements:

- give a true and fair view of the financial position of the Company and its sub-fund as at 31 December 2017 and of the net revenue and the net capital gains on the scheme property of the Company 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 Instrument of Incorporation.

Equitile Investments Feeder OEIC (the "Company") is an Open Ended Investment Company ("OEIC") with a single sub-fund. The financial statements of the company 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 2017; the Statement of Total Return and the Statement of Change in Net Assets Attributable to Shareholders for the year then ended; the distribution table; and the notes to the financial statements, which include a description of the significant accounting policies.

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Basis for opinion

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

*Independence*

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

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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 Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's 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 company's or the sub-fund's ability to continue as a going concern.

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#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an 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 Corporate Director's Report*

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

#### Responsibilities for the financial statements and the audit

##### *Responsibilities of the Authorised Corporate Director for the financial statements*

As explained more fully in the Authorised Corporate Director's Responsibilities Statement set out on page 5, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and 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 Corporate Director either intends to wind up or terminate the Company 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We

do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## Other required reporting

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### Opinion on matter required by the Collective Investment Schemes sourcebook

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

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### Collective Investment Schemes sourcebook exception reporting

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

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

We have no exceptions to report arising from this responsibility.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

27 April 2018

## Annual Report and Audited Financial Statements 2017

### Sub-Fund Review

As at 31 December 2017, the Company had 1 active sub-fund:

Fund – Equitile Resilience Feeder Fund

Launch Date – 29 February 2016

Base currency - GBP

The specific investment objectives and policies for the Sub-Fund are formulated by the Directors and set out in the Company's Prospectus and other Company literature. The Sub-Fund invests at least 85% of its assets in the Master Fund. The portfolio statements for the Master Fund are detailed in the Appendix (Page 39) of this report.

### Investment Review

Please note this investment review is for the year from 01 January 2017 to 31 December 2017.

### Performance and Market Review

2017 is the first full calendar year of operation of the Sub-Fund.

We anticipate the investment strategy deployed will deliver high single-digit percentage point returns per year, on average over the economic cycle. We are pleased to report the investment returns generated during 2017 have significantly exceeded this expectation. However, these returns have been achieved during a period of global economic expansion leading to an especially benign environment for the strategy. We therefore believe it remains appropriate to expect the investment strategy to deliver high single-digit percentage point investment returns, on average over the economic cycle.

Despite ongoing political turmoil surrounding the preparations for the UK's departure from the European Union and controversy over the US Presidential administration economic growth around the world has progressed well in 2017. Corporate earnings have generally grown at a healthy pace, and technological innovation has remained robust. There were no major market disruptions during the year.

Over the course of the year the fund's assets under management have grown significantly as a result of both investment gains and new investor subscriptions. At the same time the fund has increased its holdings of US listed investments with corresponding reductions of European and UK listed investments. As a result the fund ended the year with approximately 80% of its underlying assets invested in the US equity market.

The investment strategy of the Master Fund remains unchanged and it endeavors to invest in the most financially stable, high-quality high-growth businesses using highly disciplined portfolio construction.

### 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. We anticipate this backdrop may begin driving inflation rates modestly higher. 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.

### Comparative Tables

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 ACD'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 A		
For the year ended 31 December 2017		
	GBP	GBP
GBP Gross Accumulation	31.12.17	31.12.16*
Change in net assets per share		
Opening net asset value per share	103.57	100.00
Return before operating charges**	27.52	4.59
Operating charges	(1.18)	(1.02)
Return after operating charges	26.34	3.57
Distributions on accumulation shares	(0.05)	(0.04)
Retained distributions on accumulation shares	0.05	0.04
Closing net asset value per share	129.91	103.57
** after direct transaction costs of:	nil	nil
Performance		
Return after charges	25.43%	3.57%
Other information		
Closing net asset value (£'000)	30,284	6,923
Closing number of shares	233,121	66,839
Operating charges <sup>^</sup>	1.11%	1.28%
Direct transaction costs	nil	nil
Prices - GBP		
Highest share price	133.75	107.65
Lowest share price	103.57	98.60

\*The share class was launched on 29 February 2016

<sup>^</sup>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 B		
For the year ended 31 December 2017		
	EUR	EUR
EUR Gross Hedged Accumulation	31.12.17	31.12.16*
Change in net assets per share		
Opening net asset value per share	102.62	100.00
Return before operating charges**	26.06	3.68
Operating charges	(1.36)	(1.06)
Return after operating charges	24.70	2.62
Distributions on accumulation shares	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00
Closing net asset value per share	127.32	102.62
** after direct transaction costs of:	nil	Nil
Performance		
Return after charges	24.07%	2.62%
Other information		
Closing net asset value (EUR'000)	18,581	12,814
Closing number of shares	145,936	124,871
Operating charges <sup>^</sup>	1.21%	1.36%
Direct transaction costs	nil	nil
Prices - EUR		
Highest share price	131.30	106.92
Lowest share price	102.62	98.56

\*The share class was launched on 29 February 2016

<sup>^</sup> 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.

## Sub-Fund Review

Comparative Table Class C		
For the year ended 31 December 2017	USD	USD
USD Gross Hedged Accumulation	31.12.17	31.12.16*
Change in net assets per share		
Opening net asset value per share	103.96	100.00
Return before operating charges**	29.26	4.31
Operating charges	(1.39)	(0.35)
Return after operating charges	27.87	3.96
Distributions on accumulation shares	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00
Closing net asset value per share	131.83	103.96
** after direct transaction costs of:	nil	nil
Performance		
Return after charges	26.81%	3.96%
Other information		
Closing net asset value (USD'000)	16,880	4,106
Closing number of shares	128,039	39,500
Operating charges <sup>^</sup>	1.22%	1.43%
Direct transaction costs	nil	nil
Prices - USD		
Highest share price	135.47	107.57
Lowest share price	103.96	98.57

\*The share class was launched on 29 February 2016

<sup>^</sup> 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 E		
For the year ended 31 December 2017	NOK	NOK
NOK Gross Hedged Accumulation	31.12.17	31.12.16*
Change in net assets per share		
Opening net asset value per share	103.67	100.00
Return before operating charges**	28.37	21.87
Operating charges	(1.44)	(18.20)
Return after operating charges	26.93	3.67
Distributions on accumulation shares	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00
Closing net asset value per share	130.60	103.67
** after direct transaction costs of:	nil	nil
Performance		
Return after charges	25.98%	3.67%
Other information		
Closing net asset value (NOK '000)	427,660	235,632
Closing number of shares	3,274,679	2,272,845
Operating charges <sup>^</sup>	1.20%	1.34%
Direct transaction costs	nil	nil
Prices - NOK		
Highest share price	134.43	107.45
Lowest share price	103.64	98.62

\*The share class was launched on 29 February 2016

<sup>^</sup> 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.



Portfolio Report of the Sub-Fund

As at 31 December 2017

Holding	Investment	Market value £'000	Total value of Sub-Fund %
Authorised Contractual Schemes – 96.94% (31.12.16 - 99.59%)			
	726,616 Equitile Resilience Fund	94,856	96.94
Total Authorised Contractual Schemes		94,856	96.94
Forward Foreign Exchange Contracts – 0.11% (31.12.16 - 0.38%)			
	Buy US\$16,847,127 & Sell £12,596,284 (expires 12/01/2018)	(139)	(0.14)
	Buy €18,589,964 & Sell £16,414,455 (expires 15/01/2018)	86	0.09
	Buy NOK422,221,907 & Sell £37,939,961 (expires 15/01/2018)	155	0.16
	Buy NOK2,150,000 & Sell £192,358 (expires 15/01/2018)	2	-
	Buy NOK3,000,000 & Sell £268,125 (expires 15/01/2018)	2	-
Total Forward Foreign Exchange Contracts		106	0.11
Portfolio of investments		94,962	97.05
Net other assets		2,882	2.95
Net assets		97,844	100.00

The comparative percentage figures in brackets are at 31 December 2016.

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 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.



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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.

	Notes	£'000	Year ended 31.12.17 £'000	£'000	Period ended 31.12.16* £'000
Income					
Net capital gains	1		13,346		4,523
Revenue	2	857		471	
Expenses	3	(783)		(405)	
Interest payable and similar charges		(9)		(2)	
Net revenue before taxation		65		64	
Taxation	4	(105)		(63)	
Net (expenses)/revenue after taxation			(40)		1
Total return before distributions			13,306		4,524
Distributions	5		14		(2)
Change in net assets attributable to shareholders from investment activities			13,320		4,522

\*The Sub-Fund was launched on 29 February 2016

Statement of Change in Net Assets Attributable to Shareholders

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

	£'000	Year ended 31.12.17 £'000	£'000	Period ended 31.12.16* £'000
Opening net assets attributable to shareholders				-
Movement due to issue and cancellation of shares:		43,251		
Amounts receivable on issue of shares	42,026		38,760	
Amounts payable on cancellation of shares	(765)		(33)	
		41,261		38,727
Change in net assets attributable to shareholders from investment activities (see above)		13,320		4,522
Retained distribution on accumulation shares		12		2
Closing net assets attributable to shareholders		97,844		43,251

\*The Sub-Fund was launched on 29 February 2016



Balance Sheet

	Notes	As at 31.12.17 £'000	As at 31.12.16 £'000
Assets:			
Fixed assets:			
Investments		95,101	43,362
Current assets:			
Debtors	6	290	65
Cash and bank balances	7	2,960	13
<b>Total assets</b>		<b>98,351</b>	<b>43,440</b>
Liabilities:			
Investment liabilities		(139)	(124)
Creditors:			
Other creditors	8	(368)	(65)
<b>Total liabilities</b>		<b>(507)</b>	<b>(189)</b>
<b>Net assets attributable to shareholders</b>		<b>97,844</b>	<b>43,251</b>



Annual Report and Audited Financial Statements 2017

Notes to the Financial Statements

1. Net Capital Gains

	Year ended 31.12.17 £'000	Period ended 31.12.16* £'000
Non-derivative securities gains	15,236	1,141
Forward currency contracts (losses)/gains	(1,817)	3,400
Currency (losses)/gains	(40)	8
Capital special dividend	3	-
Transaction charges	(36)	(26)
<b>Net capital gains</b>	<b>13,346</b>	<b>4,523</b>

\* The Sub-Fund was launched on 29 February 2016

2. Revenue

	Year ended 31.12.17 £'000	Period ended 31.12.16* £'000
Bank interest	2	1
UK dividends	76	27
Overseas dividends	772	433
Stock dividends	7	10
<b>Total revenue</b>	<b>857</b>	<b>471</b>

\*The Sub-Fund was launched on 29 February 2016

3. Expenses

	Year ended 31.12.17 £'000	Period ended 31.12.16* £'000
Payable to the Authorised Corporate Director or associate		
Management fee	486	224
Payable to the Depositary or associate		
Depositary's fee	56	30
Other expenses		
Audit Fee**	15	11
Fund Accounting Fee	83	72
Legal Fee	5	-
Middle Office Fee	10	5
Portfolio Hedging Fee	37	17
Professional Fee	4	-
Safe Custody Fee	7	6
Share Class Hedging Fee	65	27
Transfer Agency & Registrars Fee	15	13
<b>Total other expenses</b>	<b>241</b>	<b>151</b>
<b>Total expenses</b>	<b>783</b>	<b>405</b>

\*The Sub-Fund was launched on 29 February 2016

\*\*Included within the Audit fee is £3,850 relating to the audit of the Sub-Fund (2016 - £3,375)



**4. Taxation**

	Year ended 31.12.17 £'000	Period ended 31.12.16* £'000
a ) Analysis of charge in the year/period		
Overseas tax	105	63
Current tax for the year	105	63
b) Factors affecting the current tax charge for the year/period		
The tax assessed for the year/period is higher than the standard rate of corporation tax in the UK for an Open Ended Investment Company.		
The differences are explained below: -		
Net revenue before taxation	65	64
Corporation tax at 20%	13	13
Effects of:		
Revenue not subject to tax	(171)	(94)
Current year management expenses not utilised	158	81
Overseas tax	105	63
Current tax for the year/period	105	63

## c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date. (2016 - £Nil)

## d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £239,000 (2016 - £81,000) in relation to surplus management expenses. It is unlikely the Sub-Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year (2016 - £Nil).

\*The Sub-Fund was launched on 29 February 2016

**5. Distributions**

	Year ended 31.12.17 £'000	Period ended 31.12.16* £'000
Final distribution	12	2
Add: Revenue deducted on cancellation of shares	1	-
Less: Revenue received on issue of shares	(27)	-
Total distributions	(14)	2
The differences between the net (expense)/revenue after taxation and the distributions for the year/period are as follows:		
Net (expense)/ revenue after taxation for the year/period	(40)	1
Stock dividends not distributable	(7)	(10)
Deficit taken to capital	33	11
Total Distributions	(14)	2

\*The Sub-Fund was launched on 29 February 2016

**6. Debtors**

	As at 31.12.17 £'000	As at 31.12.16 £'000
Amounts receivable for issue of shares	170	2
Accrued distributions	120	63
<b>Total Debtors</b>	<b>290</b>	<b>65</b>

**7. Cash and bank balances**

	As at 31.12.17 £'000	As at 31.12.16 £'000
Cash and bank balances	2,960	13
<b>Cash and bank balances</b>	<b>2,960</b>	<b>13</b>

**8. Other creditors**

	As at 31.12.17 £'000	As at 31.12.16 £'000
Amounts payable for cancellation of shares	285	-
Accrued expenses	83	65
<b>Total other creditors</b>	<b>368</b>	<b>65</b>

**9. Reconciliation of number of shares**

	Class A GBP	Class B EUR	Class C USD	Class E NOK
Opening shares in issue	66,839	124,871	39,500	2,272,845
Share movements in year				
Shares issued	172,410	21,065	88,539	1,001,834
Shares cancelled	(6,128)	-	-	-
<b>Closing shares at 31.12.17</b>	<b>233,121</b>	<b>145,936</b>	<b>128,039</b>	<b>3,274,679</b>

**10. Contingent assets, liabilities and outstanding commitments**

There were no contingent assets, liabilities or commitments at the year-end (2016 - £Nil).

**11. Related Parties**

The ACD is a related party to the Fund as defined by Financial Reporting Standard 102.33 'Related Party Disclosures'.

Management Fees charged by the ACD are paid by the Master Fund and details of shares issued and cancelled by the ACD are shown in the statement of change in the net assets attributable to shareholders. The balance due to the ACD at the year-end in respect of management fees was £Nil (2016 - £Nil). Any balance due from the ACD in respect of issues is shown in note 6. Any balance due to the ACD in respect of cancellations is shown in note 8.

**12. Financial instruments**

The policies applied in the management of risk disclosures are set out on pages 25-28.

**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 16. There were no instances of invoking Fair Value Pricing for the year.

Currency exposures

As the fund invests in the Equitile Resilience Fund ACS GBP share class there is no Direct FX exposure in the OEIC Fund.

Individual share classes within the Sub-Fund's assets are denominated in currencies other than Sterling, with the effect that currency movements can affect the balance sheet and total returns of the specific share class. It should be noted that any gains or losses are limited to the specific share class and are covered by a hedging policy to limit the effects of currency movement. (For further details refer to 'Currency risk' under section titled 'Risk Management Frameworks' on Page 27).

Counterparty Exposure and Collateral

Counterparty 31.12.17		Forward Foreign Exchange Contracts £'000	Total £'000
HSBC	-Exposure	106	106
	- Cash collateral	-	-
<b>Total</b>		<b>106</b>	<b>106</b>

Counterparty 31.12.16		Forward Foreign Exchange Contracts £'000	Total £'000
HSBC	-Exposure	162	162
	- Cash collateral	-	-
<b>Total</b>		<b>162</b>	<b>162</b>

13. Portfolio Transaction Costs

	Year ended 31.12.17 £'000
There were no transaction costs on investments or derivatives for the year ended 31.12.17	
Total purchases	43,969
Total sales	7,488

	Period ended 31.12.16* £'000
There were no transaction costs on investments or derivatives for the period ended 31.12.16	
Total purchases	44,809
Total sales	2,872

\*The Sub-Fund launched on 29 February 2016



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 value.

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 31.12.17

	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Authorised Contractual Schemes	-	94,856	-	94,856
Derivatives	-	245	-	245
<b>Total</b>	<b>-</b>	<b>95,101</b>	<b>-</b>	<b>95,101</b>
Investment Liabilities	£'000	£'000	£'000	£'000
Derivatives	-	(139)	-	(139)
<b>Total</b>	<b>-</b>	<b>(139)</b>	<b>-</b>	<b>(139)</b>

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

As at 31.12.16

	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Authorised Contractual Schemes	-	43,076	-	43,076
Derivatives	-	286	-	286
<b>Total</b>	<b>-</b>	<b>43,362</b>	<b>-</b>	<b>43,362</b>
Investment Liabilities	£'000	£'000	£'000	£'000
Derivatives	-	(124)	-	(124)
<b>Total</b>	<b>-</b>	<b>(124)</b>	<b>-</b>	<b>(124)</b>

15. Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2016 - £Nil).

Distribution Table

	Net Income	Equalisation	Distribution payable 2017	Distribution payable 2016
Dividend distributions on accumulation shares	p	p	p	p
Class A – GBP Gross Accumulation				
Group 1 shares	5.3042	0.000	5.3042	3.5139
Group 2 shares (from 1 January 2017 to 31 December 2017)	0.0000	5.3042	5.3042	3.5139

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of Capital.

Being capital, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

The following share classes had NIL distributions for the year ended 31.12.17 and for the period ended 31.12.16:

- Class B – EUR Gross Hedged Accumulation
- Class C – USD Gross Hedged Accumulation
- Class E – NOK Gross Hedged Accumulation

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### 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 Company has adopted FRS 102 and the 2014 SORP.

#### Base Currency

The base currency of the Sub-Fund is Sterling.

#### Tax Transparency

Revenue, expenses and taxation of the Master Fund, proportionate to the Sub-Fund's investment, are recognised and reflected within the Notes to the Financial statements above on account of the Master Fund being a tax transparent fund.

#### 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. Revenue is accrued in line with Master Fund. 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. 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

The distribution policy is to accumulate all available revenue after deduction of expenses properly chargeable against revenue.

#### Valuations

All investments are valued at their fair value at 3 pm on 29 December 2017, being the last business day of the financial year. The fair value of shares is bid-price. The fair value of all single priced collective investment schemes is their single price. 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](http://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

Provision is made for taxation at current rates on the excess investment revenue over allowable expenses, with relief for overseas taxation taken where appropriate. Deferred tax is provided in respect of timing differences that have originated but not been reversed by the balance sheet date. Deferred tax assets are recognised only to the extent that they are more likely than not that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted.

Withholding tax on overseas dividends is accounted for when the security is quoted ex dividend.

#### Dilution Adjustment

In certain circumstances the ACD may carry out a dilution adjustment, in accordance with the Financial Conduct Authority Regulations, on all subscriptions and redemptions of shares, which is paid into the Sub-Fund and included in the Statement of Change in Net Assets Attributable to Shareholders. 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.

## Annual Report and Audited Financial Statements 2017

### Internal Control and Risk Management Frameworks

The Company is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. The Company has procedures in place to ensure all relevant accounting records are properly maintained and are readily available, including production of annual and semi-annual financial statements. The Company has appointed HSBC Bank Plc (the "Administrator") as its administrator consistent with the regulatory framework applicable to investment Fund companies such as the Company. The Administrator has functional responsibility for the preparation of the Company'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 ACD 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 ACD. 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 Company'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 Company 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, though it should be noted that such review does not include verification of information in the financial statements to underlying documents. 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 Board. 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 ACD are also joint 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 Shareholders. 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 ended 31 December 2017. On 7<sup>th</sup> December 2017, the Sub-Fund started to provide daily liquidity to the investors, i.e., the Sub-Fund has since that day been available for dealing on each business day in the U.K. and this was treated as a notifiable change.

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).

Risk Management Frameworks

The ACD has a documented risk management framework applicable to both the Company and the Master Scheme 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 first four risks are primarily focused on the investment itself while operational risk refers 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 process used by the ACD is fully integrated with the position keeping system for the funds 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 operational risk errors do not re-occur.

The ACD has a formal structure of oversight committees who review the risk profile, including market, credit, operational and liquidity risks, of each fund and the fund's compliance with updates published on a regular basis. As part of its governance processes, the ACD reviews the performance of the risk management framework and its associated arrangements, processes, systems and techniques on at least an annual basis, and the compliance of the funds with the risk management framework. The risk management framework is updated by the ACD 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 Master Fund or the Sub-Fund do not use leverage as part of their investment strategy. The funds use 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 funds 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 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 Sub-Fund will not be able to sell its assets without incurring losses within the timeframe required to meet investor redemptions. The portfolio 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 Sub-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 ACD 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 to the funds 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 funds will be exposed to a credit risk for the parties with whom it trades. 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. For example, a default by the issuer of the bond may impact the value of the Master Fund. Short-term cash equivalent investments, such as commercial paper, bankers' acceptances, certificates of deposit, and repurchase transactions, are not guaranteed by any government and are subject to some risk of default.

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 funds interact on a daily basis.

Currency RiskHedged share class

The Sub-Fund is made up of multiple classes of shares, some of which are hedged share classes and some are not hedged. The shareholders that do not invest in hedged shares are not expected to be affected by the associated currency hedging strategies for a particular hedged share class. Hedging transactions are designed to reduce, as much as possible, the currency risk for shareholders, however there can be 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.

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 will accrue solely to the relevant hedged share class. Any financial instruments used to implement such hedging strategies shall be assets and/or liabilities of the Sub-Fund as a whole but, in effect, are attributable to the relevant hedged share class only.

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## Internal Control and Risk Management Frameworks

Any gains/losses on and the costs of the relevant financial instruments accrue solely to the relevant hedged share class. As a result, shareholders investing in any hedged share class may be exposed to fluctuations in the net asset value per share in relation to the relevant hedged share 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 share 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 Point on which the instruction was accepted.

Asset Hedging

The Sub-Fund invests at least 85% of its assets in the Master Fund of the Master Scheme. The investments of the Funds may be acquired in currencies which are different from their base currency (Sterling). The assets of the Master Fund not denominated in their 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 FX Forwards.

Hedging techniques employed by both Funds 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 Funds' 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.

The ability of the Funds to hedge successfully will depend on the Manager's, or its delegate's, ability to predict pertinent market movements, and as a consequence, 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 funds buy and sell securities. The sub-funds may only transact with brokers from an approved broker list maintained by the ACD. All brokers on the ACD approved list are subject to regular credit and general business checks. The sub-funds 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 and are subject to limits.<sup>1</sup>

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<sup>1</sup> Refer to currency exposure as stated in Note 12 above.



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Appendix

Equitile Resilience Fund (Master Fund)

The Sub-Fund aims to generate capital growth by investing not less than 85 per cent of its Scheme Property in the Master Fund. A summary of the Master Fund's portfolio holdings for the year is stated below:

Summary of Material Portfolio Changes for the Master Fund

The top ten purchases and sales for the year ended 31 December 2017 were as follows:

Purchases	Sales	
	Cost £'000	Proceeds £'000
T Rowe Price Group	2,915	Adidas 3,018
3M Co	2,843	Logitech 2,261
Mastercard	2,835	Johnson & Johnson 2,173
Visa 'A' Shares	2,781	MarketAxess Holdings 1,991
Wirecard	2,653	Toro 1,990
Honeywell International	2,646	Sonova 1,971
Aon	2,547	Newmont Mining 1,959
Align Technology	2,450	Orion Oyj 1,687
Kuehne & Nagel International	2,366	Ingredion 1,623
Roper Technologies	2,355	CAE 1,620
Subtotal	26,391	Subtotal 20,293
Total purchases during the year	81,878	Total sales during the year 40,521

Top 10 holdings*	As at 31.12.2017
Boeing	3.42%
Wirecard	3.24%
Kering	3.14%
Mastercard	3.06%
Northrop Grumman	3.04%
Align Technology	3.04%
3M Co	2.99%
T Rowe Price Group	2.98%
Visa 'A' Shares	2.96%
Cognex	2.89%

\*Weighted average of the portfolio



Portfolio of Investments of the Master Fund  
As at 31 December 2017

Portfolio of investments		Market value	Total value of
Holding	Investment	£'000	Sub-Fund %
<b>UNITED KINGDOM - 9.27% (7.70%)</b>			
Chemicals – 1.91% (1.69%)			
43,000	Croda International	1,902	1.91
Measurement Technology – 4.96% (4.90%)			
179,001	Halma	2,256	2.27
51,700	Intertek Group	2,683	2.69
Financial services – 2.40% (0.00%)			
24,000	Aon	2,388	2.40
Software – 0.00% (1.11%)			
Total United Kingdom		9,229	9.27
<b>UNITED STATES – 76.88% (76.19%)</b>			
Civil Aviation – 3.42% (0.00%)			
15,500	Boeing	3,399	3.42
Construction – 0.00% (0.60%)			
Consumer Electronics – 1.71% (0.00%)			
13,500	Apple	1,697	1.71
Consumer Goods – 0.00% (12.43%)			
Defence – 7.92% (10.87%)			
14,000	General Dynamics	2,110	2.12
13,300	Northrop Grumman	3,030	3.04
19,700	Raytheon	2,746	2.76
Diversified Manufacturing – 5.50% (0.46%)			
17,000	3M Co	2,971	2.99
12,950	Roper Technologies	2,503	2.51
Engineering Technology – 7.49% (0.00%)			
33,000	Amphenol Corporation 'A' Shares	2,151	2.16
23,000	Honeywell International	2,621	2.63
17,000	IPG Photonics	2,686	2.70
Environmental Services – 2.86% (4.79%)			
44,300	Waste Management	2,841	2.86
Financial Services – 8.17% (9.62%)			
35,200	Marsh & McLennan	2,136	2.15
27,000	Mastercard	3,044	3.06
34,750	Visa 'A' Shares	2,944	2.96
Food Distribution – 0.00% (3.32%)			
Investment Management – 2.98% (0.00%)			
38,000	T Rowe Price Group	2,967	2.98
Measurement Technology – 2.89% (0.00%)			
63,200	Cognex	2,875	2.89
Machinery Manufacturing – 0.00% (3.65%)			
Medical Products – 7.79% (3.85%)			
18,000	Align Technology	3,022	3.04
50,000	Baxter International	2,403	2.41
20,200	Stryker	2,325	2.34
Medical Technology – 5.01% (10.14%)			
10,200	Intuitive Surgical	2,779	2.79
12,000	Teleflex	2,210	2.22
Microelectronic Manufacturing – 14.13% (4.39%)			



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66,000	Applied Materials	2,520	2.53
24,500	KLA Tencor	1,932	1.94
19,000	Lam Research	2,602	2.61
27,800	Microchip Technology	1,820	1.83
19,700	Nvidia	2,871	2.88
30,000	Texas Instruments	2,329	2.34
Mining – 0.00% (3.87%)			
Packaging – 0.00% (1.69%)			
Retail – 0.00% (1.48%)			
Software – 7.01% (1.31%)			
21,400	Adobe Systems	2,784	2.80
66,000	Cadence Design System	2,058	2.07
33,600	Synopsys	2,134	2.14
Telecommunications – 0.00% (3.72%)			
Total United States		76,510	76.88
<b>CANADA – 0.00% (5.00%)</b>			
Civil Aviation – 0.00% (1.32%)			
Consumer Goods – 0.00% (3.68%)			
<b>FRANCE – 5.87% (1.22%)</b>			
Consumer Services – 0.00% (0.49%)			
Energy – 0.00% (0.73%)			
Luxury Goods – 5.87% (0.00%)			
12,400	LVMH	2,717	2.73
9,050	Kering	3,127	3.14
Total France		5,844	5.87
<b>GERMANY – 3.24% (5.29%)</b>			
Financial Services – 3.24% (0.00%)			
39,000	Wirecard	3,220	3.24
Sportswear – 0.00% (5.29%)			
Total Germany		3,220	3.24
<b>IRELAND – 0.69% (0.00%)</b>			
Consulting – 0.69% (0.00%)			
6,000	Accenture	683	0.69
Total Ireland		683	0.69
<b>NETHERLANDS – 2.53% (0.00%)</b>			
Diversified Manufacturing – 2.53% (0.00%)			
67,000	Aalberts Industries	2,516	2.53
Total Netherlands		2,516	2.53
<b>SWITZERLAND – 2.37% (3.91%)</b>			
Consumer Electronics – 0.00% (3.91%)			
Transportation – 2.37% (0.00%)			
18,000	Kuehne & Nagel International	2,359	2.37
Total Switzerland		2,359	2.37



Forward Foreign Exchange Contracts – 0.17% ((0.63%))		
Buy £4,354,352 & Sell CHF5,767,100 (expires 15/01/2018)	(19)	(0.02)
Buy £12,177,947 & Sell €13,818,994 (expires 15/01/2018)	(88)	(0.09)
Buy £74,428,096 & Sell US\$100,241,918 (expires 17/01/2018)	319	0.32
Buy €799,418 & Sell £705,109 (expires 15/01/2018)	5	0.01
Buy CHF1,082,595 & Sell £824,159 (expires 15/01/2018)	(3)	0.00
Buy CHF1,566,005 & Sell £1,185,439 (expires 15/01/2018)	2	0.00
Buy £4,669,073 & Sell US\$6,314,048 (expires 17/01/2018)	1	0.00
Buy US\$6,295,730 & Sell £4,707,200 (expires 12/01/2018)	(52)	(0.05)
Total Forward Foreign Exchange Contracts	165	0.17
Portfolio of investments	100,526	101.02
Net other liabilities	(1,019)	(1.02)
Net assets	99,507	100.00

The comparative percentage figures in brackets are as from 31 December 2016.

New Industry classifications have been used for the current year – the comparative figures have been reworked to reflect this change.

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.

Remuneration Disclosures

The provisions of the Undertaking in Collective Investments Schemes Directive (“UCITS V”) took effect on 18 March 2016. The legislation requires the ACD 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 Company. No performance fee was charged to the Fund for the year ending 31.12.2017.

Under the UCITS V Directive, the ACD 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 2017, is analysed in the table below:

	Number of Staff	Total Remuneration (£'000)
Fixed Remuneration	7	222
Variable Remuneration	1	5
Performance Fees	0	0
UCITS Code Staff, of which:	7	227
Senior Management	5	158
Other Code Staff	2	69

The staff members included in the above analysis support all the sub-funds managed by the ACD. 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](http://www.equitile.com).

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### Disclaimer

This document is being provided solely for informational purposes. The value of an investment may fall or rise. All investments involve risk and past performance is not a guide to future returns. Equitile offers no guarantee against loss or that investment objectives will be achieved. Equitile does not offer investment advice. Please read the Key Investor Information Document, Prospectus and any other offer documents carefully and consult with your own legal, accounting, tax and other advisors in order to independently assess the merits of an investment. Investors and any potential investors should be aware of local laws governing investments and should read all the relevant documents including any reports and financial statements and scheme particulars as appropriate.

The State of the origin of the Fund is the United Kingdom and the Fund is authorised and regulated by the UK Financial Conduct Authority. In Switzerland, the Representative is ACOLIN Fund Services AG, Afolternstrasse 56, CH-8050 Zürich, whilst the Paying agent is Aquila & Co. AG, Bahnhofstrasse 28a, CH – 8001 Zurich. The Basic documents of the Fund as defined in Art. 13a CISO as well as this annual and, if applicable, semi-annual reports may be obtained free of charge at the office of the representative in Switzerland.

