Equitile Resilience Fund

Quality, Growth, Performance

Your Owner's Guide 2018

Equitile Investments

THE EQUITILE WAY

At Equitile we believe that owning a stake in resilient, innovative companies is the best way to share in the benefits of economic progress – it is the best way to invest for the long run.

We called our flagship fund the 'Equitile Resilience Fund' because we strive to deliver just that - a resilient investment able to thrive in an ever-changing world. For us, the ability to endure adversity and adapt to change are the building blocks of the long-term investment success we aim to achieve.

We also want our relationship with investors to remain resilient. Our innovative and fair fee model, that aligns your interests with ours, is designed to engender just that.

Strong relationships also demand openness and transparency which is why we have written this Investors' Guide - to help you understand how we think at Equitile and how that translates into the way we look after your investment.

We want everyone who invests with us not just to share investment success but also to share in the deeper sense of ownership which comes through understanding.

The Founders

resilient funds - actively managed - with fair fees

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This guide should be read in conjunction with the Key Investor Information Document, Prospectus and other Fund documents which are available on Equitile's website. The value of your investment may fall or rise and you may get back less than you invested.

Why invest in equities?

We are lucky enough to be living during one of the most innovative periods in human history.

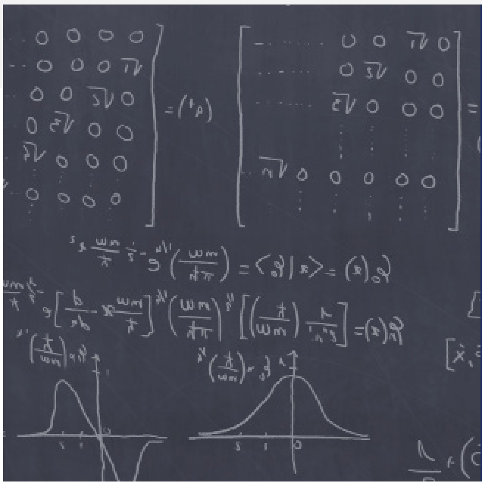
New technologies are being developed, old technologies are being enhanced and both are benefitting an ever-greater proportion of the global population. As a result, living standards are improving and wealth is being generated at an unprecedented pace.

If the spending power of your savings falls behind this growth of the economy, however, you could be left behind.

Owning equities has been extremely profitable over the long term, especially when compared with keeping cash in the bank or investing in bonds. Moreover, equity returns generally more than keep pace with inflation.

As the global economy continues to develop, it is our conviction that owning equities is the best way to enjoy a larger share of the rewards.

For investors, this is an environment offering both risk and reward but perhaps the simplest, and most overlooked, of those risks is that of missing out.



THE EQUITILE WAY

We always look to stay invested in equities by being extremely selective. By limiting ourselves to a universe of the most stable, high-quality growth companies and being extremely disciplined in the way we develop our portfolio, we aim to be invested in the best performing companies, regions and industries in the world.

"When we founded Equitile we asked ourselves how we wanted our own investments managed - that's why we all remain heavily invested in the Resilience Fund today"

Andrew McNally, Chief Executive Officer & Co-Founder

How do you adapt and thrive?

You have already seen the impact of innovation in your own life. In the business world, however, it means companies are living faster and dying younger. Picking tomorrow's big winners, or the long-term survivors, is becoming more challenging.

In an economy where tomorrow's success stories might not yet even exist, simply buying and holding today's most profitable companies is becoming a much less viable strategy. Adapting a portfolio, with discipline and care, however, helps make sure you're not left behind.

Moreover, by owning a diversified portfolio you reduce the risk of having too much of your wealth in the wrong place at the wrong time. Too little diversification and the risks are too high; too much and the costs of being diversified outweigh the benefits.

THE EQUITILE WAY

Equitile takes portfolio construction discipline to a new level. Our in-house portfolio guidance system, which we call Darwin, helps our skilled investment team efficiently diversify your portfolio and adapt it steadily to long-term structural change and the prevailing market environment.

"We designed our approach to find the world's leading companies. No company leads forever, though, so we made sure our process is adaptive. Dealing with mistakes is a vital part of keeping the fund resilient.'

Dr George Cooper, Chief Investment Officer & Co-Founder

How do you benefit most from growth?

Global growth benefits most companies but it is the most innovative, high-growth companies that will tend to deliver you the highest returns in the long run.

Finding the best of the best is never easy but knowing what you are looking for, casting the net wide and sticking to your principles goes a long way.

For us, it is the most adaptable companies, the ones able to survive and thrive in an ever-changing economy that we want in your portfolio. In practice this means investing in the companies with the financial strength and corporate confidence to lead the process of economic growth.

By not limiting yourself to a particular region or industry, and investing in companies that meet the highest of standards, you can significantly improve your chances of owning the best companies at the right time.

THE EQUITILE WAY

The investment process at Equitile is designed to ensure you fully participate in the world's economic growth. We cast the net wide to give you the best chance of investing in the world's best performing companies at the right time and make sure we adapt to the changing environment in a disciplined and timely way.

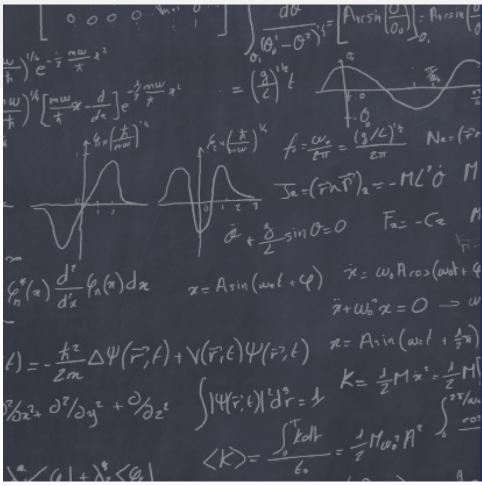
Why focus on quality?

You've probably noticed when you buy high quality, whatever the product, that it's more likely to survive the test of time. It's no different when it comes to investing

Businesses that have strong balance sheets, good profitability and a track record of growth tend to keep performing well over the long term.

A deeper understanding of quality goes beyond the numbers. It is most often the less tangible features of a company that determine its future. The strength of its relationships with customers and employees, its culture of innovation, its ability to adapt to changes in the business environment, and the way it governs itself.

Good profits are built on good business and good business is built on strong finances. If a company has a sound balance sheet, then it's easier for it to adapt and so sustain higher returns through time. Such companies are also better placed to survive economic downturns and even benefit from the opportunities that they can produce.



THE EQUITILE WAY

We are very choosy when it comes to what we might invest in. We strictly limit our potential investments to companies with a sound balance sheet and a history of stable and profitable growth. Our analysis excludes all companies we deem to have cultural, managerial, social or governance problems that compromise their long-term viability.

"For me, Equitile is a solution for future generations. Both for my family and for all of our co-investors"

Thor Furuholmen, President & Co-Founder

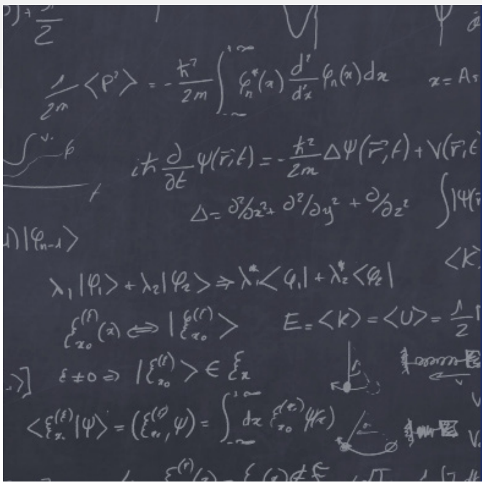
What's the right approach to risk?

In the end, the long-term value of your investment is your main concern. Our job is to ensure that you can stay invested and see that value.

There will, inevitably, be bumps in the road and it's impossible to avoid occasional setbacks in the stock market. But embracing this uncertainty, for us, is the essence of equity ownership - there are always unknown unknowns.

We don't see risk as a game of chance, we don't guess probabilities, and we don't rely on volatility as a measure of risk as is often the case in the investment industry. The price of bonds is less volatile than equities in the short term but in the long run the value of equities is more resilient than bonds, especially during periods of unexpectedly high inflation. Owning equities sometimes feels uncomfortable but the longer they are owned the smoother the ride will feel.

For us, risk management is an attempt to reduce the scale of potential losses and the amount of time you sustain those losses. That way, it should be easier for you to stay invested to enjoy the benefit in the long run.



THE EQUITILE WAY

By selecting the most financially sound companies we aim to reduce the scale of short-term losses which sometimes come with equity investing. In addition, by having a more disciplined approach to portfolio construction we ensure that we deal with investment mistakes sooner rather than later.

When to invest?

We all like to feel that we've found a bargain and no one wants to overpay. It's an instinct that can often make you want to time your investment according to your current view of the market.

Harvesting long-term rewards requires staying invested through periods of losses. Success in the stock market depends most on the time we spend invested rather than when we invest.

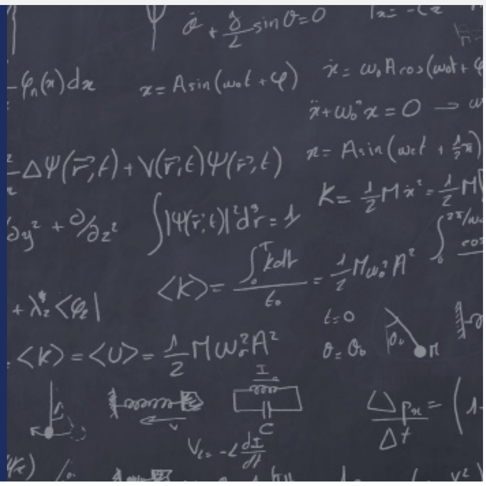
Our human nature can make staying invested emotionally challenging. When the market falls, it makes us sell our stake – usually at the wrong time. Similarly, when the market trends upwards, we tend to sell too early – it's always difficult to fight our instinct to book a profit just because we have made one.

"We have a saying that the best time to plant a tree was twenty years ago, the second best time is now"

Daniel He, President & Co-Founder

THE EQUITILE WAY

Managing the adverse effects of our own nature is essential and central to a successful investment approach. By working to limit the scale of losses during inevitable market setbacks, we aim to make it emotionally easier for you to stay invested. Moreover, by paying most attention to investments that are not working well, we ensure we leave the successful ones to carry on performing.



"We are constantly building our understanding and adapting to improve the way we work, which creates a very rewarding environment"

Ira Asthana, Business Manager

The best of man and machine

Different perspectives coming from varied experience mean a team approach works best. Technology is most effective when it adds discipline to that team and draws out its full value.

Big data and algorithms offer untold possibilities for anyone rising to the investment challenge. No investment firm can compete today without using these to their full potential.

Human judgement, however, plays a valuable role that technology cannot. Assessing character, building trust, gauging fairness or taking an ethical stand all determine investment success but can rarely be seen in numbers. This is where the human touch matters.

Machines now outperform people across many disciplines – but the latest research suggests they still can't quite compete with humans and machines working well together.

THE EQUITILE WAY

Equitile isn't named after an individual for a reason; egos often get in the way of good investing and the skills and experience needed to run an investment firm over the long run are never held by just one person. We invest as a team, come from different backgrounds and bring different insight. We use technology such as our portfolio guidance system, Darwin, to do what it does well – quantitative analysis – and people to do what they are best at – making qualitative judgements.

"The team's diverse yet complementary backgrounds create a vibrant discussion where everyone is challenged every day"

Carsten Wilhelmsen, Research Analyst

How we manage ourselves

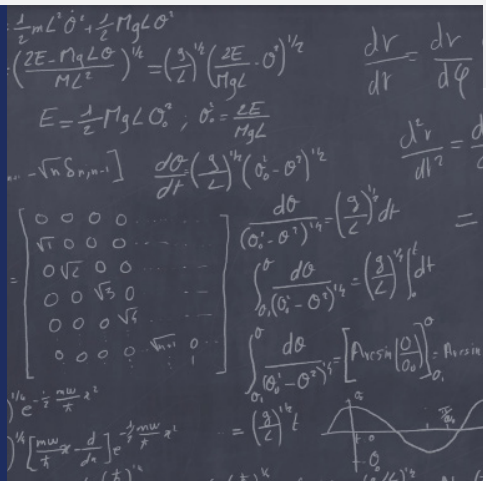
Few, if any, of us think and behave in the purely rational way financial textbooks lead us to believe. We tend to use rules of thumb rather than pure logic; we over-value our experiences when working out how to react to new challenges; we form stereotypes that allow us to make snap judgements; we overvalue what we already have, even when it holds us back; we look for evidence to support what we think we know; we are impatient.

Although many of these more human traits can protect us in other walks of life, they hinder us when it comes to investing. We tend to think in groups and move in herds, creating persistent market trends that make our human nature work against us.

Humans have an unfortunate tendency to sell great companies too early and hold poor ones for too long. We have developed to pluck the flowers and grow the weeds, while long-term investment success requires we do the opposite.

THE EQUITILE WAY

By separating the analysis of companies in which we might invest from portfolio construction, we seek to overcome many of the human behavioural challenges all investors face. Our portfolio guidance system, Darwin, keeps us focussed on dealing with our investment mistakes and helps us avoid the premature sale of investments that are performing well.



"Starting from a blank sheet has given us the chance to embed clients' best interests at every level of the firm"

Nigel Hellewell, Chief Operating Officer, Co-Founder

How should you hold us to account?

If we invest your wealth on your behalf, we expect you to hold us to account.

Judging success in the investment business has become an industry in itself and the benchmark index is now at the heart of performance measurement. There are now many more indices than stocks, however, so picking the right benchmark presents as big a challenge as picking the right stock.

Giving ourselves a benchmark index to measure our success against might not be in your best interests. This would encourage us to look at the structure of the portfolio against other opportunities within the index itself, rather than against our investment principles.

By judging performance against an index, many managers hand the risk of the index going down, straight back to their investors - something we seek to avoid.

THE EQUITILE WAY

We want you to have high expectations of us – not just in terms of your long-term returns but also the pattern of those returns. We fully expect you to choose your own benchmarks to compare us to. Over the long run we believe by sticking to our investment principles and our investment process we will deliver a pattern of investment returns that compares favourably with any benchmark.

A fairer fee model

You should never pay for something you don't get.

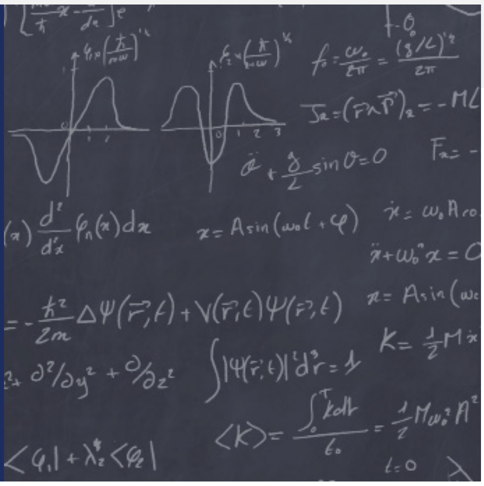
As active fund managers we believe fees should encourage the best possible investment practice and foster a healthy alignment of interests between you and ourselves.

If we charged a fixed percentage of all assets in the Fund, as is normal industry practice, then we would be incentivised to maximise the assets in the Fund rather than deliver good investment returns. Similarly, If performance fees were layered on top of management fees, the total fee level would become too high and we would be incentivised to take too much investment risk.

By capping our management fees, we share our economies of scale with you, our clients, who enjoy falling fixed costs as our business grows. At the same time, as assets grow, our fees become increasingly reliant on investment returns.

THE EQUITILE WAY

We charge sufficient management fees to cover our ongoing costs, beyond that level we charge only performance based fees. In practice this means the Equitile Resilience Fund charges a management fee of 0.7% of assets under management, but this fee is charged only on £350million of assets in the Fund. Assets above £350m in the Fund incur no management fee, instead they are charged a performance fee of 10% of returns above the trailing highest value. All investors pay the same fee and no one pays to join or leave the Fund.



What's the structure of the Fund?

You want to know that your Fund is managed to the highest regulatory standards and that Equitile has the very best partners to ensure strong oversight of your investment.

Equitile is an entirely onshore UCITS investment manager registered in the UK and regulated by the Financial Conduct Authority. The firm and its employees are headquartered in London.

The Equitile Resilience Fund is a UCITS Fund managed by Equitile Investments Ltd .

Investors can invest into the OEIC through a range of share-classes denominated in different currencies. We currently offer GBP, USD, EUR and NOK denominated share classes.

This means both the investment manager and the Fund are based and regulated in the same place.

We have daily liquidity so you have an opportunity to make a new investment, or redeem an existing investment, every UK business day.

The Fund is administered by HSBC Security Services, and all the Fund's assets are held in custody by HSBC. In addition, Equitile Investment's management of the Fund is overseen by HSBC Depositary Services to ensure that all UCITS regulatory obligations are met. The Funds are audited by PricewaterhouseCoopers.

THE EQUITILE WAY

We send our investors a monthly update on the Fund's performance, geographic and industry exposure, top ten holdings and a short commentary on activity . In addition, you will recieve an independent statement of account from HSBC.

We publish our more strategic thinking when we have something more substantial to say. Investment Insights, which cover our long-term strategic thinking, are mailed throughout the year. All of these are also available on our website.

How do you make an investment?

Before making an investment, you should read the relevant Key Investor Information Document (KIID) in conjunction with the Fund's prospectus and other relevant fund material.

Once you have decided to invest, the subscription process is as follows:

a) Complete the Equitile Resilience Fund application form most appropriate for you (as an organisation or as an individual). We have attempted to make the document as simple as possible but if you have any questions do not hesitate to contact us. Once completed please fax/email it to the HSBC Transfer Agent (the details are on page one of the application form)

b) Unless you already have an existing relationship with HSBC Transfer Agent you will need to complete the AML/KYC procedures. These are regulated international standards and are the same for any EU or UK-based fund. It is important to note that the documents you submit must be correctly certified (or 'notarised').

Application forms are available from us by calling +44 (0)203 397 7701 or emailing info@equitile.com. Alternatively they are available on our website www.equitile.com.

For investors based in the UK, it is also possible to invest in the Equitile Resilience Fund through several retail investment platforms. A list of these can be found at the Individual Investor section of our website and at the back of this Guide.

THE EQUITILE WAY

Good business practice, supported by regulation, is designed to protect investors and to ensure that all investments are made with full awareness of the risks involved.

Equitile, along with its business partners, endeavours to make investing in the Resilience Fund as simple as possible. All investors, however, will need to provide a number of documents before an investment is made to allow Equitile and HSBC to meet our regulatory obligations.

Anti Money Laundering (AML) This is a set of procedures, laws and regulations designed to stop the practice of generating income through illegal actions. The Fund needs to satisfy itself that, as the investor, your cash is not from the proceeds of crime or funding crime.

Audited Report & Accounts These are the annual accounts of the Fund which are independently audited. They also contain a declaration from the Fund's depository, HSBC, as to the operational controls of the manager.

Authorised Contractual Scheme (ACS) This is a co-investment scheme, domiciled in the UK. It is transparent with respect to dividend witholding tax and so investors into this vehicle are treated as if they hold the assets directly, it is particularly useful for institutions such as pension schemes who can use the UK's network of double-tax treaties around the world. By law, an investment into the ACS has to be at least £1 million and institutional investors are required to detail their tax status.

Depositary These have oversight of Equitile Investments to ensure proper process and control with respect to UCITS regulations and standards.

Fund Administrators All administrative tasks such as accounting and valuation is handled by a professional adminstrator. They ensure that valuations are full, complete, accurate and independent.

Fund Auditors The Fund's auditors act independently of the Manager, Equitile, and Administrator, HSBC. They ensure that the Annual Report & Accounts are a true and fair reflection of the Funds assets and activities.

Fund Custodian All assets, including cash, owned by the Fund are held for safe-keeping by an independent external custodian.

Investment Platforms Investment platforms offer a range of investments including funds. Investors should be aware, however, that these generally charge additional fees for holding investments or making transactions.

Key Investor Information Document (KIID) This is a two-sided information sheet that gives you all the key facts and figures about the Fund. It has a standard layout with sections describing what the Fund does, the investment risk and charges. The KIID, when read in conjunction with the Prospectus, form the documents required by the Regulator.

Know Your Customer (KYC) These are the due diligence obligations that all financial institutions, including Equitile Investments, must meet before accepting a new investor. Regulation increasingly demands that customers provide detailed anti-corruption due diligence information to verify their probity and integrity.

Master-Feeder Structure This structure is common in the Funds industry and is used to ensure that the Fund can be invested in by different investors, from different countries and with differering tax status.

Net Asset Value (NAV) This is the value of all the Fund's assets minus liabilities divided by the number of units outstanding.

Open Ended Investment Company (OEIC) As an open-ended scheme, an OEIC can issue or redeem shares at any time. It does not have the mimumum investment restrictions of the ACS and so allows efficient pooling of investors into the ACS.

Prospectus This is the formal legal document which is required by and filed with the regulator and provides all the details of the investment being offered by the Fund.

Real return The return on an investment over time adusted for price inflation over the same period.

Share Class Investors in different regions may wish to have their investment denominated in different currencies and so we have different share classes to facilitate this. As the main Fund is denominated in Sterling, each of these share classes are hedged so that their performance , in absolute terms, is comparable.

Transfer Agent (TA) A transfer agent is appointed by the Fund to maintain records of investors. The TA records transactions, processes, subscriptions and redemptions, cancels and issues certificates, processes investor mailing and deals with other investor queries.

UCITS is short for, Undertakings for the Collective Investment in Transferable Securities, and is the main body of EU regulations that govern funds marketed to retail investors in Europe.

NOTES

TO INVEST DIRECT

WWW.EQUITILE.COM

ALSO AVAILABLE ON

AJBell Youinvest

Alliance Trust Savings

Hargreaves Lansdown

interactive investor

ascentric

novia

RAYMOND JAMES

allfunds BANK Leaders in Open Architecture

CHARLES STANLEY Direct

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