

**VT GARRAWAY INVESTMENT FUND SERIES IV**  
**(previously City Financial Investment Fund Series IV)**  
**(Sub-fund VT Garraway Absolute Equity Fund)**  
**(previously City Financial Absolute Equity Fund)**

**Annual Report and Financial Statements**  
**for the year ended 30 April 2019**

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## COMPANY OVERVIEW

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**Size of Company** £56,675,000

**Authorisation date** 31 May 2007

**Type of Company**

VT Garraway Investment Fund Series IV (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC000534 and authorised by the Financial Conduct Authority with effect from 31 May 2007 (PRN: 465988). The company is a UCITS scheme and is an umbrella company comprising one sub-fund, VT Garraway Absolute Equity Fund. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after he has paid the price on purchase of the shares.

Following careful consideration and discussions with the Sub-fund's depository (The Bank of New York Mellon (International) Limited) and Garraway Capital Management LLP (as investment manager of the Sub-fund), it was proposed to close the Sub-fund as it is no longer commercially viable.

The commercial viability of the Sub-fund was being challenged due to redemption requests. Given this, it was decided to suspend the redemption of shares in this Sub-fund from 25 July 2019. This suspension (and termination) is designed to protect all investors from suffering from the effects of increased ongoing charges and to ensure an orderly wind-down is possible to ensure monies are returned to investors in a controlled manner.

Following suspension of the shares on 25 July 2019, the decision was made to terminate the Sub-fund, and hence it is no longer a going concern, and therefore valuation policies have been adapted in this light.

The base currency of the Company is UK sterling.

Copies of the Prospectus and Key Investor Information Document are available free of charge from the ACD.

**Sub-fund objective and policy**

The VT Garraway Absolute Equity Fund is a fundamental equity long short strategy which aims to provide a positive absolute return for investors over rolling thirty-six month periods primarily through exposure to UK and global equities. (For all short and some long positions this is achieved through the use of derivatives which give the equivalent exposure of physical equities). The Sub-fund is managed against a cash benchmark (3 month LIBOR), reflecting the aim to deliver a positive return in all stock market conditions. There is no actual guarantee that these returns will be achieved over the specified, or any, time period and capital is not guaranteed.

In seeking to achieve absolute returns, the Sub-fund may from time to time behave independently to equity markets and can even fall in value when equity markets rise. The manager seeks to generate positive returns from each position but, at times when this does not occur, the Sub-fund may suffer negative returns.

The Sub-fund invests mainly in a portfolio of equities, equity index futures, options on equity indices, ETFs and equity related securities of companies with a UK listing or global equity exchange listing (including through derivatives and units in collective investment schemes). From time to time, cash, near cash and non UK securities may be held. The Sub-fund may also invest in other transferable

## COMPANY OVERVIEW (Continued)

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securities, money market instruments and units in collective investment schemes.

The Sub-fund can invest up to 49% of the Scheme Property in government and public securities issued by any one body; these securities will generally be less than 1 year maturity. This is to allow the Sub-fund to be able to spread counterparty risk for the free cash element, which tends to be significant because of the use of derivatives.

In order to achieve its investment objective, the Sub-fund generally uses derivatives (swaps) to obtain equivalent exposure to all short and some long equity positions. Total derivatives (longs and shorts) are likely to represent a significant proportion of the Sub-fund's gross exposure (which will itself typically lie in a range of 175-275% of NAV but which may potentially be as high as 300%). This gross exposure means that investors will receive risk/return outcomes which are proportionately greater than if it was restricted to 100% of NAV. However, holdings in these derivatives will have the same risk/return profile as if the exposure was in the equivalent physical equity. At times, the Sub-fund may also use equity index futures or options (long or short) in order to achieve an overall level of managed volatility or market exposure.

The Manager seeks to invest in company shares that, after analysis, are deemed to be mispriced by the stock market. This creates opportunities to buy (long) under-priced stocks and to sell (short) overpriced stocks. The Manager looks for a catalyst that will see the mispricing being corrected.

<b>Authorised Corporate Director (ACD)</b>	Valu-Trac Investment Management Limited	
<b>Annual accounting date</b>	30 April	
<b>Interim accounting dates</b>	31 October	
<b>Annual income allocation date</b>	30 June	
<b>Interim income allocation dates</b>	31 December	
<b>Minimum investment</b>	Lump sum subscription:	A Class Shares = £10,000 I Class Shares = £1,000,000 R Class Shares = £10,000 F Class Shares = £10,000
	Top-up:	A Class Shares = £1,000 I Class Shares = £10,000 R Class Shares = £1,000 F Class Shares = £1,000
	Holding:	A Class Shares = £10,000 I Class Shares = £1,000,000 R Class Shares = £10,000 F Class Shares = £10,000
	Redemption:	A Class Shares = N/A provided minimum holding is maintained I Class Shares = N/A provided minimum holding is maintained R Class Shares = N/A provided minimum holding is maintained F Class Shares = N/A provided minimum holding is maintained
<b>Initial, redemption and switching charges</b>	Nil, however the initial charges can be raised to 5% if 3 months' notice is given	

The ACD may waive the minimum levels at its discretion.

## COMPANY OVERVIEW (Continued)

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	<p>F accumulation and F Income Shares are only open for investment exclusively through the VT Garraway Absolute Equity Feeder Fund.</p>
<b>ACD charges and fixed expenses</b>	<p>The management charge in respect of the A Class Shares is 1.50% per annum of the Net Asset Value of the A Class Shares, and fixed expenses of 0.35%.</p> <p>The management charge in respect of the I Class Shares is 0.75% per annum of the Net Asset Value of the I Class Shares, and fixed expenses of 0.19%.</p> <p>The management charge in respect of the R Class Shares is 0.75% per annum of the Net Asset Value of the R Class Shares, and fixed expenses of 0.35%.</p> <p>The management charge in respect of the F Class shares is 0.00% per annum of the Net Asset Value of the F Class Shares, and fixed expenses of 0.19%.</p> <p>Fixed expenses are subject to a minimum fee of £40,000 per annum.</p>
<b>Performance fee</b>	<p>20% of outperformance of 3 month Sterling LIBOR provided that the Net Asset Value of the Sub-fund is above High Water Mark.</p>
<b>Changes to the company</b>	<p>On 25 March 2019 the Authorised Corporate Director changed from City Financial Investment Company Limited to Valu-Trac Investment Management Limited.</p> <p>On 28 May 2019 the auditor changed from Grant Thornton UK LLP to Johnston Carmichael LLP.</p> <p>On 25 March 2019 the Company changed its name from City Financial Investment Fund Series IV to VT Garraway Investment Fund Series IV.</p> <p>On 25 March 2019 the Sub-fund changed its name from City Financial Absolute Equity Fund to VT Garraway Absolute Equity Fund.</p> <p>Dealing in the shares of the fund was suspended on 25 July 2019 with the agreement of the depositary.</p> <p>On 29 July 2019, an application was made to the FCA to wind up the Company and terminate its sub-fund.</p> <p>Suspension has ended upon the FCA's approval of the termination. Proceeds will be transferred to investors as soon as possible (other than sums retained in respect of the claim referred to in note 9 which will be retained until this matter is closed). The fund will then be wound down in an orderly fashion.</p>

## INVESTMENT MANAGER'S REVIEW

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Q2 and Q3 2018 proved to be a challenging period, with the Fund experiencing its largest drawdown in its ten-and-a-half-year history. The majority of the drawdown was due to a resurgence in the share prices of the Fund's short positions, but the long book also exhibited lacklustre performance. One could describe portfolio positioning as having been 'short growth and long value'. It is much more nuanced than that, but in some ways, it is an apt description. The Fund is typically short companies that we believe are not as good as the market thinks they are. In the recent past, we have generally found that most of these businesses are companies that have high sales/profit growth where the market is extrapolating that growth into the future. As a result, investors choose to pay an extremely high multiple of current sales/profits in the hope/expectation that those sales/profits will continue at a high level. In each case, and for specific reasons in each case, we think that the company will be unable to meet those very high expectations, or even if those expectations are met, they still do not justify the current price paid.

The long book typically shows the opposite characteristic – companies that we believe are better than the market thinks they are. These are typically companies that might not be performing terribly well today or not growing as fast as others are but have plenty of valuation support in the medium term, or companies that have more than priced in any economic slowdown or slower-than-expected recovery.

From the start of Q4 2018, the Fund saw an initial rise of some 13% until the calendar year end, but then fell sharply from January through to the end of March. The principal reason for the rise and subsequent fall was the negative correlation of the Fund to the wider stock market. This was because the Fund held a net short position, which typically means the Fund will rise in value in falling markets and vice versa.

During the reporting period, the overriding factor which ultimately led to the loss over the period was the issues surrounding the previous Authorised Corporate Director and Investment Manager of the Fund, City Financial Investment Company Limited. In February 2019, City Financial Investment Company Limited filed a notice of intention to appoint an administrator, which was subsequently reported in the press. The publicity surrounding the filing resulted in a significantly increased level of investor redemptions resulting in the Fund being suspended. The sales to meet redemptions and the reduction in swap positions resulted in certain positions being sold at discounts to their undisturbed market prices.

Garraway Capital Management LLP  
Investment Manager of the Fund (with effect from 25 March 2019)

## PERFORMANCE RECORD

### Financial Highlights

<b>Class A Income</b>	<b>Year to 30 April 2019</b>	<b>Year to 30 April 2018</b>	<b>Year to 30 April 2017</b>
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	<u>331.89</u>	<u>331.76</u>	<u>308.16</u>
Return before operating charges	(140.86)	10.36	30.39
Operating charges (note 1)	(4.79)	(6.33)	(5.28)
Performance fees	<u>-</u>	<u>(3.90)</u>	<u>(1.51)</u>
Return after operating charges*	(145.65)	0.13	23.60
Distributions on income units	-	-	-
Closing net asset value per unit	<u>186.24</u>	<u>331.89</u>	<u>331.76</u>
*after direct transaction costs of:	0.32	0.34	0.28
Performance			
Return after charges	(43.89%)	0.04%	7.66%
Other information			
Closing net asset value (£'000)	£368	£853	£1,045
Closing number of units	197,769	257,084	314,991
Operating charges (note 2)	1.85%	1.85%	1.85%
Performance fee	0.00%	1.14%	0.53%
Direct transaction costs	0.17%	0.10%	0.10%
Prices			
Highest unit price	337.56	368.69	334.12
Lowest unit price	184.26	326.94	251.09

<b>Class A Accumulation</b>	<b>Year to 30 April 2019</b>	<b>Year to 30 April 2018</b>	<b>Year to 30 April 2017</b>
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	<u>348.70</u>	<u>348.36</u>	<u>323.57</u>
Return before operating charges	(147.97)	10.80	31.92
Operating charges (note 1)	(5.04)	(6.65)	(5.54)
Performance fee	<u>-</u>	<u>(3.81)</u>	<u>(1.59)</u>
Return after operating charges*	(153.01)	0.34	24.79
Closing net asset value per unit	<u>195.69</u>	<u>348.70</u>	<u>348.36</u>
Retained distributions on accumulated units	-	-	-
*after direct transaction costs of:	0.46	0.35	0.30
Performance			
Return after charges	(43.88%)	0.10%	7.66%
Other information			
Closing net asset value (£'000)	£5,461	£15,618	£18,965
Closing number of units	2,790,481	4,478,743	5,444,429
Operating charges (note 2)	1.85%	1.85%	1.85%
Performance fee	0.00%	1.06%	0.53%
Direct transaction costs	0.17%	0.10%	0.10%
Prices			
Highest unit price	354.66	387.18	350.84
Lowest unit price	193.61	343.35	263.65

## PERFORMANCE RECORD (Continued)

### Financial Highlights (Continued)

<b>Class I Income</b>	<b>Year to 30 April 2019</b>	<b>Year to 30 April 2018</b>	<b>Year to 30 April 2017</b>
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	<u>350.08</u>	<u>346.32</u>	<u>319.38</u>
Return before operating charges	(149.25)	10.91	32.17
Operating charges (note 1)	(2.58)	(3.38)	(2.29)
Performance fee	<u>-</u>	<u>(3.77)</u>	<u>(2.44)</u>
Return after operating charges*	(151.83)	3.76	26.94
Distribution	<u>-</u>	<u>-</u>	<u>-</u>
Closing net asset value per unit	<u>198.25</u>	<u>350.08</u>	<u>346.32</u>
	0.47	0.35	0.29
*after direct transaction costs of:			
Performance			
Return after charges	(43.37%)	1.09%	8.44%
Other information			
Closing net asset value (£'000)	£8,008	£34,161	£43,549
Closing number of units	4,039,408	9,758,187	12,574,935
Operating charges (note 2)	0.94%	0.94%	0.94%
Performance fee	0.00%	1.05%	0.82%
Direct transaction costs	0.17%	0.10%	0.10%
Prices			
Highest unit price	356.07	388.14	348.76
Lowest unit price	196.15	342.86	260.68
	<b>Year to 30 April 2019</b>	<b>Year to 30 April 2018</b>	<b>Year to 30 April 2017</b>
<b>Class I Accumulation</b>			
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	<u>376.58</u>	<u>373.35</u>	<u>344.26</u>
Return before operating charges	(160.55)	11.13	34.37
Operating charges (note 1)	(2.78)	(3.64)	(3.01)
Performance fee	<u>-</u>	<u>(4.26)</u>	<u>(2.27)</u>
Return after operating charges*	(163.33)	3.23	29.09
Closing net asset value per unit	<u>213.25</u>	<u>376.58</u>	<u>373.35</u>
Retained distributions on accumulated units	-	-	-
*after direct transaction costs of:	0.50	0.38	0.32
Performance			
Return after charges	(43.37%)	0.87%	8.45%
Other information			
Closing net asset value (£'000)	£53,795	£193,547	£168,783
Closing number of units	25,225,963	51,396,009	45,207,963
Operating charges (note 2)	0.94%	0.94%	0.94%
Performance fee	0.00%	1.10%	0.71%
Direct transaction costs	0.17%	0.10%	0.10%
Prices			
Highest unit price	383.03	417.58	375.98
Lowest unit price	210.99	368.77	280.98

## PERFORMANCE RECORD (Continued)

### Financial Highlights (Continued)

Class R Income	Year to 30 April 2019	Year to 30 April 2018	Year to 30 April 2017
Changes in net assets per unit			
	GBP	GBP	GBP
Opening net asset value per unit	<u>131.68</u>	<u>130.22</u>	<u>120.15</u>
Return before operating charges	(56.10)	4.45	12.68
Operating charges (note 1)	(1.13)	(1.49)	(1.23)
Performance fee	<u>-</u>	<u>(1.50)</u>	<u>(1.38)</u>
Return after operating charges*	(57.23)	1.46	10.07
Distribution	<u>-</u>	<u>-</u>	<u>-</u>
Closing net asset value per unit	<u>74.45</u>	<u>131.68</u>	<u>130.22</u>
	0.17	0.13	0.11
*after direct transaction costs of:			
Performance			
Return after charges	(43.46%)	1.12%	8.38%
Other information			
Closing net asset value (£'000)	£191	£1,302	£2,873
Closing number of units	257,089	989,030	2,206,576
Operating charges (note 2)	1.10%	1.10%	1.10%
Performance fee	0.00%	1.11%	1.24%
Direct transaction costs	0.17%	0.10%	0.10%
Prices			
Highest unit price	133.94	145.98	131.14
Lowest unit price	73.66	129.14	98.04

Class R Accumulation	Year to 30 April 2019	Year to 30 April 2018	Year to 30 April 2017
Changes in net assets per unit			
	GBP	GBP	GBP
Opening net asset value per unit	<u>131.68</u>	<u>130.69</u>	<u>120.56</u>
Return before operating charges	(56.10)	4.00	12.16
Operating charges (note 1)	(1.13)	(1.49)	(1.23)
Performance fee	<u>-</u>	<u>(1.52)</u>	<u>(0.80)</u>
Return after operating charges*	(57.23)	0.99	10.13
Closing net asset value per unit	<u>74.45</u>	<u>131.68</u>	<u>130.69</u>
Retained distributions on accumulated units	-	-	-
	0.17	0.13	0.11
*after direct transaction costs of:			
Performance			
Return after charges	(43.46%)	0.76%	8.40%
Other information			
Closing net asset value (£'000)	£2,413	£10,378	£10,167
Closing number of units	3,241,513	7,880,954	7,779,144
Operating charges (note 2)	1.10%	1.10%	1.10%
Performance fee	0.00%	1.12%	0.71%
Direct transaction costs	0.17%	0.10%	0.10%
Prices			
Highest unit price	133.94	146.00	131.62
Lowest unit price	73.66	129.02	98.37



## PERFORMANCE RECORD (Continued)

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1. The operating charges per unit figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the year.
2. The operating charges percentage is based on the expenses incurred during the year, as a proportion of the average net asset value of the fund.

### **Risk Profile**

Based on past data, the fund is ranked a '5' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Document. The Fund is ranked 5 because weekly historical performance data indicates that it has experienced relatively high rises and falls in market prices historically. The higher the rank, the greater the potential reward but the greater the risk of losing money.

# PORTFOLIO STATEMENT

As at 30 April 2019

Investment	Nominal value or holding	Market value £'000	% of total net assets
<b>Debt Securities (2018:0.39%)</b>			
<b>Government Bonds (2018: 0.00%)</b>			
UK Gilt 4.75% 07/03/2020	5,000,000	5,203	8.99
<b>Total Government Bonds</b>		<b>5,203</b>	<b>8.99</b>
<b>Corporate Bonds (2018:0.39%)</b>			
600 8% 18/02/2020*	700,000	658	1.14
EU Supply 10% 27/08/2020*	2,950,000	596	1.03
Litebulb^	250,000	-	-
<b>Total Corporate Bonds</b>		<b>1,254</b>	<b>2.17</b>
<b>Total Debt Securities</b>		<b>6,457</b>	<b>11.16</b>
<b>Alternative Investment Market (2018: 48.79%)</b>			
<b>Oil &amp; Gas (2018: 4.81%)</b>			
Cabot Energy	4,195,728	504	0.87
Petrotal Corp	10,139,000	1,486	2.57
MYCELX Technologies	3,657,401	7,705	13.33
Greenfields Petroleum Corp	841,700	319	0.55
<b>Total Oil &amp; Gas</b>		<b>10,014</b>	<b>17.32</b>
<b>Basic Materials (2018:6.63%)</b>			
Plant Health Care	10,529,245	803	1.39
Kore Potash	5,000,000	162	0.28
Serabi	2,847,500	840	1.45
<b>Total Basic Materials</b>		<b>1,805</b>	<b>3.12</b>
<b>Industrials (2018: 11.31%)</b>			
Epwin	750,000	629	1.09
Nexus Infrastructure	713,700	1,014	1.75
Pressure Technologies	2,160,497	1,923	3.32
Xpediator	3,292,471	1,663	2.88
Norman Broadbent	3,881,578	427	0.74
<b>Total Industrials</b>		<b>5,656</b>	<b>9.78</b>
<b>Consumer Goods (2018: 1.79%)</b>			
Mar City*	1,044,180	251	0.43
<b>Total Consumer Goods</b>		<b>251</b>	<b>0.43</b>
<b>Health Care (2018 8.96%)</b>			
Destiny Pharma	1,721,943	1,403	2.43
MaxCyte	840,000	1,575	2.72
Mereo Biopharma	484,225	557	0.96
Scancell	16,287,775	855	1.48
Verseon	921,304	622	1.08
<b>Total Health Care</b>		<b>5,012</b>	<b>8.67</b>
<b>Consumer Services (2018 2.43%)</b>			
Jaywing	1,400,000	228	0.39
<b>Total Consumer Services</b>		<b>228</b>	<b>0.39</b>
<b>Fixed Line Communications (2018: 0.48%)</b>			

^Delisted investment

\*Unlisted investment

## PORTFOLIO STATEMENT (Continued)

As at 30 April 2019

Investment	Nominal value or Holding	Market value £'000	% of total net assets
<b>Financials (2018:10.50%)</b>			
Orchard Funding	1,811,591	1,585	2.74
Shore Capital	125,000	281	0.49
Carlisle Support Services Ord GBP*	199,990	25	0.04
Normandy*	299,990	21	0.03
Stirling Industries	1,000,000	560	0.97
<b>Total Financials</b>		<b>2,472</b>	<b>4.27</b>
<b>Technology (2018: 1.88%)</b>			
365 Agile*	737,333	30	0.06
Ethernity Networks	2,150,714	731	1.26
<b>Total Technology</b>		<b>761</b>	<b>1.32</b>
<b>Total Alternative Investment Market</b>		<b>26,199</b>	<b>45.30</b>
<b>United Kingdom (2018:8.37%)</b>			
Fibre 7 UK*	10,714,286	107	0.18
Hamsard 3436*	11,404	11	0.02
Moxico Resources*	17,083,333	2,050	3.55
<b>Total United Kingdom</b>		<b>2,168</b>	<b>3.75</b>
<b>Continental Europe (2018:15.98%)</b>			
Amplitude Surgical SA	531,521	1,188	2.05
Berentzen-Gruppe	263,260	1,541	2.66
Carbios	61,774	445	0.77
Groupe SFPI SA	498,375	1,003	1.73
Ingenuity Digital*	1,575,426	1,576	2.72
Manutan	23,251	1,375	2.38
Seri Industrial SpA	2,556,543	4,668	8.07
Serinus Energy	9,762,479	1,408	2.43
Siti B&T	194,200	790	1.37
Societa Impianti Turistici	22,250	164	0.28
SRP Groupe SA	279,225	670	1.16
SuperSonic Imagine	985,155	886	1.53
Touax	382,053	2,022	3.50
Vente-Unique.Com	437,386	1,778	3.07
Wallx Group SA	154,214	1,651	2.86
<b>Total Continental Europe</b>		<b>21,165</b>	<b>36.58</b>
<b>Australia (2018:1.89%)</b>			
European Cobalt	15,012,412	217	0.38
<b>Total Australia</b>		<b>217</b>	<b>0.38</b>

\*Unlisted investment

## PORTFOLIO STATEMENT (Continued)

As at 30 April 2019

	Investment Nominal value or holding	Market value £'000	% of total net assets
<b>Canada (2018:1.67%)</b>			
Carta Solutions*	700,000	402	0.70
Conjuchem^	24,000,000	-	-
<b>Total Canada</b>		<b>402</b>	<b>0.70</b>
<b>United States (2018:2.17%)</b>			
Cambryn Biologics*	5,743	1,537	2.66
<b>Total United States</b>		<b>1,537</b>	<b>2.66</b>
<b>Warrants (2018:0.55%)</b>			
600 Group Warrants 18/02/2020*	3,500,000	-	-
Condor Gold Warrants 28/02/2020*	930,232	-	-
Constellation PN 31/12/49*	4,516,539	-	-
Cradle Arc Warrants 31/12/2049*	750,000	432	0.75
<b>Total Warrants</b>		<b>432</b>	<b>0.75</b>
^Delisted Investment *Unlisted investment			
<b>Swaps (2018:(3.91%))</b>			
<b>Goldman Sachs Swap Basket CAD (2018:0.00%)</b>			
Canopy Growth Corp	(45,000)	(376)	(0.65)
<b>Total CAD Swaps</b>		<b>(376)</b>	<b>(0.65)</b>
<b>Goldman Sachs Swap Basket DKK (2018:0.00%)</b>			
Ambu	(176,235)	(69)	(0.11)
Dampskibsselskabet Norden A/S	112,368	54	0.08
Demant A/S	(70,000)	(96)	(0.16)
<b>Total DKK Swaps</b>		<b>(111)</b>	<b>(0.19)</b>
<b>Goldman Sachs Swap Basket EUR (2018:(0.63%))</b>			
Aalberts Industries NV	38,842	2	0.00
Adyen NV	(6,000)	(175)	(0.30)
Amadeus IT	7,624	8	0.02
Cellnex Telecom	92,795	-	-
Cerved Group SpA	253,604	(30)	(0.05)
Duerr AG	110,915	(5)	(0.01)
Hamborner REIT AG	427,532	19	0.03
Kerry Group PLC	(24,088)	(32)	(0.06)
Melexis NV	(40,533)	(190)	(0.33)
Mutares AG	56,568	(137)	(0.24)
Orpea SA	(30,000)	5	0.01
Rizzoli	835	-	-
Shop Apotheke Europe NV	115,524	(35)	(0.06)
Stroer SE & Co KGaA	(49,000)	(130)	(0.23)
Takkt AG	287,209	(285)	(0.49)
Vossloh AG	34,498	(23)	(0.04)
Wirecard AG	(68,000)	(1,440)	(2.49)
Zooplus	45,191	195	0.34
<b>Total EUR Swaps</b>		<b>(2,253)</b>	<b>(3.90)</b>

## PORTFOLIO STATEMENT (Continued)

As at 30 April 2019	Investment, nominal value or holding	Market Value £000	% of total net assets
<b>Goldman Sachs Swap Basket GBP (2018:(0.18%))</b>			
Aston Martin Lagonda Global Holdings Plc	(160,599)	(124)	(0.21)
Avon Rubber	(150,000)	(183)	(0.33)
BCA	(762,505)	41	0.07
Big Yellow Group Plc	(220,000)	20	0.03
Charter Court Financial Services Group Plc	766,186	(109)	(0.19)
Cineworld Group Plc	(399,970)	(37)	(0.07)
Cirassia Pharmaceuticals	2,050,000	38	0.07
Dignity Plc	346,145	(19)	(0.03)
Enquest Plc	(1,676,662)	(10)	(0.02)
Epwin	375,000	(1)	0.00
FDM Group (Holdings) Plc	(299,235)	(111)	(0.19)
Findel	773,500	58	0.10
Flowtech Fluidpower Plc	(400,000)	(49)	(0.08)
Hurricane Energy	(6,000,719)	(110)	(0.19)
Imperial Brands Plc	(67,000)	68	0.12
Integrafin Holding	(700,000)	(230)	(0.40)
Intermediate Capital Group Plc	(130,000)	(7)	(0.01)
International Personal Finance	2,441,744	(291)	(0.50)
John Wood Group Plc	(400,000)	119	0.21
Just Group Plc	4,848,000	50	0.09
NMC Health	(74,517)	(268)	(0.47)
Pendragon	(6,001,091)	201	0.35
Playtech Plc	400,000	12	0.02
Provident Financial	207,727	28	0.05
PureCircle	(478,041)	(4)	0.00
Rentokil Initial Plc	(500,000)	(116)	(0.20)
Sage Group Plc	(200,000)	(30)	(0.05)
Scapa	(474,154)	(134)	(0.23)
Sirius Minerals Plc	(10,500,000)	358	0.62
Sports Direct International Plc	1,000,000	21	0.04
Talktalk Telecom Group Plc	(1,974,323)	(10)	(0.02)
Telit Communication	(965,969)	(149)	(0.27)
Tui AG	(181,309)	(99)	(0.17)
Victoria Plc	(300,000)	(170)	(0.30)
Volusion	1,270,553	(25)	(0.04)
Workspace Group Plc	(232,647)	(1)	0.00
YouGov Plc	(132,983)	(5)	0.00
<b>Total GBP Swaps</b>		<b>(1,278)</b>	<b>(2.21)</b>
<b>Goldman Sachs Swap Basket JPY (2018: 0.00%)</b>			
SMC	(14,000)	(357)	0.62
<b>Total JPY Swaps</b>		<b>(357)</b>	<b>(0.62)</b>
<b>Goldman Sachs Swap Basket NOK (2018:0.00%)</b>			
Europris ASA	1,179,180	(300)	(0.52)
<b>Total NOK Swaps</b>		<b>(300)</b>	<b>(0.52)</b>

PORTFOLIO STATEMENT (Continued)

As at 30 April 2019	Investment, nominal value or holding	Market Value £000	% of total net assets
<b>Goldman Sachs Swap Basket SEK (2018:(0.03%))</b>			
Raysearch Laboratories AB	517,470	480	0.83
<b>Total SEK Swaps</b>		<b>480</b>	<b>0.83</b>
<b>Goldman Sachs Swap Basket USD (2018:0.00%)</b>			
Advanced Micro	(50,000)	(14)	(0.02)
Align Technology	(10,000)	(180)	(0.31)
Burlington Stores Inc	(18,000)	(140)	(0.25)
EXACT Sciences	(35,000)	(92)	(0.15)
GW Pharmaceuticals ADRs	(15,000)	(88)	(0.15)
Rollins Inc	(45,000)	144	0.25
TriNet Group Inc	(25,000)	9	0.01
Universal Display Corporation	(18,000)	188	0.32
<b>Total USD Swaps</b>		<b>(173)</b>	<b>(0.30)</b>
<b>Merrill Lynch Swap Basket CHF (2018:(0.02%))</b>		-	-
<b>Merrill Lynch Swap Basket DKK (2018:0.03%)</b>		-	-
<b>Merrill Lynch Swap Basket EUR (2018:(0.52%))</b>		-	-
<b>Merrill Lynch Swap Basket GBP (2018:(2.15%))</b>		-	-
<b>Merrill Lynch Swap Basket JPY (2018:0.04%)</b>		-	-
<b>Merrill Lynch Swap Basket NOK (2018:0.01%)</b>		-	-
<b>Merrill Lynch Swap Basket SEK (2018:0.31%)</b>		-	-
<b>Merrill Lynch Swap Basket USD (2018:(0.83%))</b>		-	-
<b>Total Swaps</b>		<b>(4,368)</b>	<b>(7.56)</b>
<b>Portfolio of investments</b>		<b>54,209</b>	<b>93.72</b>
<b>Provision against illiquid assets</b>		<b>(2,659)</b>	<b>(4.59)</b>
<b>Net other assets</b>		<b>6,289</b>	<b>10.87</b>
<b>Net assets</b>		<b>57,839</b>	<b>100.00</b>
<b>Mid to bid adjustment</b>		<b>(1,164)</b>	
<b>Valuation of portfolio at bid prices</b>		<b>56,675</b>	

\*The ACD has made provision against certain investments that are illiquid in nature reflecting a reduction in their anticipated realisable values in view of the non-going concern status of the Sub-fund.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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	<b>£'000</b>
<b>Total sales for the year £'000 (note 14)</b>	<b>162,599</b>
Randall & Quilter	9,524
Ten Entertainment	8,482
Somero Enterprise	6,374
Ramsdens Holdings	5,160
Flowtech Fluid	5,013
Warehouse REIT	4,583
Springfield Properties	4,051
Ateme SA	2,915
Vectrone Systems	2,688
Horizonte Mine	2,369
	<b>£'000</b>
<b>Total purchases for the year £'000 (note 14)</b>	<b>53,826</b>
Seri Industrial SPA	8,369
UK Gilt 4.75% 07/03/2020	5,176
Ten Entertainment	2,069
TheWorks.co.uk Plc	2,031
International Personal Finance	1,779
Wallix Group	1,680
Blue Prism Plc	1,650
Providence Resources	1,441
Xpediator Plc	1,426
Staffline Group Plc	1,138

The above transactions represent the top ten largest sales and purchases during the year.

In addition, derivative sales totaled £218,102,000 and derivative purchases totalled £268,412,000 for the year.

## STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S (ACD'S) RESPONSIBILITIES

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The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Company at the end of the financial year and its net expenses and net capital losses for the year. In preparing these financial statements the Authorised Corporate Director is required to:

- comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements.
- select suitable accounting policies and then apply them consistently.
- make judgments and estimates that are reasonable and prudent.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The Authorised Corporate Director is required to keep proper accounting records and to manage the Company in accordance with the COLL regulations, the Instrument of Incorporation, and the Prospectus. The Authorised Corporate Director is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Valu-Trac Investment Management Limited ('VIML') became ACD of VT Garraway Absolute Equity Fund on 25 March 2019 following the filing for Administration of the previous ACD, City Financial Investment Company Limited ('City'). Consequently, the certification of this report is for the period from 25 March 2019 to 30 April 2019.

### DIRECTOR'S STATEMENT

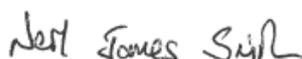
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In accordance with the requirements of the Financial Conduct Authority's Collective Investment Scheme's Sourcebook, we hereby certify the annual report.

Anne A. Laing CA



Neil J. Smith MA BA CA



Valu-Trac Investment Management Limited  
Authorised Corporate Director

Date

30/08/2019

## STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

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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 Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the 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 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 Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that 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 AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the 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.

For and on behalf of  
The Bank of New York Mellon (International) Limited  
One Canada Square  
London E14 5AL

15 May 2019

Note: Dealing in the shares of the Company were suspended in accordance with COLL 7 within the reporting period from 4th March 2019 to 3rd April 2019.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT GARRAWAY INVESTMENT FUND SERIES IV (SUB-FUND VT GARRAWAY ABSOLUTE EQUITY FUND)

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## Opinion

We have audited the financial statements of VT Garraway Investment Fund Series IV ("the Company") for the year ended 30 April 2019 which comprise the Statement of Total Return, Statement of Changes in Net Assets Attributable to Shareholders, Balance Sheet, the related Notes to the Financial Statements and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company at 30 April 2019 and of the net expenses and the net capital losses on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with the IA Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are described further in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of matter

We draw attention to Note 1(b) to the financial statements which explains that the ACD intends to wind-up the Company, after receiving written approval from the FCA. The ACD anticipates this will occur within the next 12 months. The ACD does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 1(b). Our opinion is not modified in respect of this matter.

## Other information

The ACD is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

## Opinions on other matters prescribed by the COLL Regulations

In our opinion, based on the work undertaken in the course of the audit:

- Proper accounting records for the Company have been kept and the accounts are in agreement with those records;
- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- The information given in the report of the ACD and in the report of the authorised fund manager for the year is consistent with the financial statements.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT GARRAWAY ABSOLUTE EQUITY SERIES IV (SUB-FUND VT GARRAWAY ABSOLUTE EQUITY FUND) (Continued)

## Responsibilities of the Authorised Corporate Director

As explained more fully in the Authorised Corporate Director's Responsibilities Statement set out on page 16, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal controls as the ACD determines if 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 ACD is responsible for assessing the Company'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 ACD either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's 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 auditor's 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the ACD.
- Conclude on the appropriateness of the ACD's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ("the COLL Rules") issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP  
Chartered Accountants  
Statutory Auditor  
Elgin



## STATEMENT OF TOTAL RETURN

For the year ended 30 April 2019

	Notes	30.04.19		30.04.18	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(111,988)		6,831
Revenue	3	2,911		8,470	
Expenses	4	(1,773)		(4,938)	
Interest payable and similar charges	6	(1,240)		(9,590)	
Net expenses before taxation		(102)		(6,058)	
Taxation	5	(25)		(100)	
Net expenses after taxation			(127)		(6,158)
Total return before distributions			(112,115)		673
Finance costs: distributions	6		(138)		(26)
<b>Change in net assets attributable to shareholders from investment activities</b>			<u>(112,253)</u>		<u>647</u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 30 April 2019

	30.04.19	30.04.18
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>	270,864	253,263
Amounts receivable on creation of shares	35,762	76,764
Amounts payable on cancellation of shares	(139,378)	(59,847)
Dilution levy	1,680	-
Retained accumulation distributions	-	37
Change in net assets attributable to shareholders from investment activities (see above)	<u>(112,253)</u>	<u>647</u>
<b>Closing net assets attributable to shareholders</b>	<u>56,675</u>	<u>270,864</u>

## BALANCE SHEET

As at 30 April 2019

	Notes	30.04.19 £'000	30.04.18 £'000
<b>FIXED ASSETS</b>			
Investment assets		56,872	225,998
Non-current debtors	7	-	1,712
<b>Current assets</b>			
Debtors	7	825	62,157
Cash and bank balances	8	<u>32,391</u>	<u>24,501</u>
<b>Total other assets</b>		<u>33,216</u>	<u>86,658</u>
<b>Total assets</b>		90,088	314,368
<b>LIABILITIES</b>			
<b>Investment liabilities</b>		(6,486)	(20,405)
<b>Creditors</b>			
Other creditors	9	(13,684)	(23,099)
Bank overdraft	8	<u>(13,243)</u>	<u>-</u>
<b>Total creditors</b>		<u>(26,927)</u>	<u>(23,099)</u>
<b>Total liabilities</b>		<u>(33,413)</u>	<u>(43,504)</u>
<b>Net assets attributable to shareholders</b>		<u><u>56,675</u></u>	<u><u>270,864</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

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**For the year ended 30 April 2019**

## **1. Accounting policies**

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

(b) The FCA have given written approval to wind-up the Company and terminate the sub-fund, however, the accounting policies outlined below have been applied on a consistent basis throughout the year. The ACD does not consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements and therefore the financial statements have been prepared on a basis other than that of a going concern. Under this basis, the ACD is required to consider whether any investments should be adjusted to net realisable value, where the change in status of the Company will result in restrictions to the realisable value. The ACD is also required to make provision for any contractual commitments that have become onerous at the balance sheet date. Furthermore, the financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such costs were committed at the balance sheet date.

### **(c) Valuation of investments**

The purchase and sale of investments are included up to the valuation point on 30 April 2019.

The purchase and sale of investments are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver an asset, arises.

Investments are stated at their fair value at balance sheet date. In determining fair value, the valuation point is 12 noon on 30 April 2019, with reference to quoted bid prices from reliable external sources.

The market value of derivatives is determined on a mark-to-market basis, representing the market exposure of the positions held at the balance sheet date.

Where an observable market price is unreliable or does not exist (for instance for unlisted securities), investments are valued at the ACD's best estimate of the amount that would be received from an immediate transfer at arm's length.

### **(d) Foreign exchange**

The base currency of the Sub-fund is Sterling, which is taken to be the Sub-fund's functional currency.

All transactions in foreign currencies are converted into Sterling at the rates of the exchange ruling at the dates of such transactions.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

### **(e) Revenue**

Revenue is recognised in the statement of total return on the following basis:

Dividends from quoted equity instruments and non-equity shares are recognised as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

Revenue on debt securities is accounted for on an effective yield basis.

Total Return Swaps ('TRS') operate in a similar way to Contracts for Difference. Manufactured dividends received on long positions within TRS and paid on short positions are recognised when the underlying security is quoted ex-dividend.

Revenue is recognised gross of any withholding taxes but excludes attributable tax credits.

### **(f) Expenses**

All expenses, except for those relating to the purchase and sale of investments are charged initially against revenue. Any charges, including stock lending fees from swap positions in connection with the acquisition, holding, unwinding or realisation of its positions in the swap is charged to capital. Any performance fee will be charged to revenue.

### 1. Accounting policies (continued)

#### (f) Expenses (continued)

Ordinary operating expenses excluding transaction charges may be paid out of the scheme property however to protect the shareholders from fluctuations in these expenses it has been agreed to fix the total amount of these expenses to be borne by each share class as set out on page 3.

#### (g) Allocation of income and expenses to multiple share classes

All income and expenses which are directly attributable to a particular share class are allocated to that share class. All other income and expenses are normally allocated across the share classes pro rata to the net asset value of each share class on a daily basis.

#### (h) Taxation

Tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

UK corporation tax is provided as amounts to be paid/recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current contract rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Provision for deferred tax assets are only made to the extent the timing differences are expected to be of future benefit.

#### (i) Dilution levy

The need to charge a dilution levy will depend on the volume of sales or redemptions. The Authorised Corporate Director may charge a discretionary dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all shareholders and potential shareholders. Please refer to the Prospectus for further information.

#### (j) Basis of distribution

All net revenue (after taxation), as disclosed in the financial statements, is distributable to shareholders as dividend distributions.

#### (k) Equalisation

Group 2 shares are shares which are purchased on or after the previous ex-dividend date and before the current ex-dividend date. Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of 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 in the hands of the shareholders but must be deducted from the cost of shares for capital gains tax purposes. Equalisation per share is disclosed in the distribution tables.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>2. Net capital (losses)/gains</b>	<b>30.04.19</b>	<b>30.04.18</b>
The net capital (losses)/gains comprise:	<b>£'000</b>	<b>£'000</b>
Non-derivative securities (losses)/gains	(44,423)	20,229
Derivative contracts (losses)	(52,681)	(10,463)
Derivative fees	(2,273)	(2,092)
Transaction charges	(9)	(15)
Foreign currency (losses)	(840)	(828)
Provision against creditor claim (note 9)	(9,104)	-
Provision against illiquid assets	(2,658)	-
Total net capital (losses)/gains	<u>(111,988)</u>	<u>6,831</u>
<b>3. Revenue</b>	<b>30.04.19</b>	<b>30.04.18</b>
	<b>£'000</b>	<b>£'000</b>
Franked revenue	2,523	2,892
UK property income distributions	19	35
Interest on debt securities	98	96
(Loss)/gain on TRS long positions	59	3,921
Bank interest	-	52
Interest (paid)/received on TRS contracts	212	1,474
Total revenue	<u>2,911</u>	<u>8,470</u>
<b>4. Expenses</b>	<b>30.04.19</b>	<b>30.04.18</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:</b>		
ACD fee (including fixed fees for year ended 30.04.19)	1,773	1,896
Fixed fees	-	494
Performance fees	-	2,548
Total expenses	<u>1,773</u>	<u>4,938</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>5. Taxation</b>	<b>30.04.19</b>	<b>30.04.18</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) Analysis of charge in the year</b>		
Overseas tax withheld	25	100
Total tax charge for the year (note 5b)	<u>25</u>	<u>100</u>
<b>(b) Factors affecting current tax charge for the year</b>		
The tax assessed for the year is higher than the standard rate of corporation tax in the UK for an open-ended investment company 20.00% (2018: 20.00%). The differences are explained below:		
Net expenses before taxation	<u>(102)</u>	<u>(6,058)</u>
Corporation tax at 20.00% (2018: 20.00%)	(20)	(1,212)
<u>Effects of:</u>		
Revenue not subject to UK corporation tax	(504)	(578)
Current year expenses not utilised	524	1,790
Overseas tax	<u>25</u>	<u>100</u>
Total tax charge for year (note 5a)	<u>25</u>	<u>100</u>
<b>(c) Provision for deferred taxation</b>		
At 30 April 2019 there is a potential deferred tax asset of £7,341,000 (30 April 2018: £6,817,000) in relation to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.		
<b>6. Finance costs</b>	<b>30.04.19</b>	<b>30.04.18</b>
	<b>£'000</b>	<b>£'000</b>
Final distribution	-	37
	<u>-</u>	<u>37</u>
Add: Revenue deducted on cancellation of shares	211	16
Deduct: Revenue received on issue of shares	<u>(73)</u>	<u>(27)</u>
	138	26
Bank interest	103	446
Interest payable on derivative contracts	126	3,573
Revenue payable on TRS short positions	<u>1,011</u>	<u>5,571</u>
Total interest payable and similar charges	1,240	9,590
<b>Total finance costs</b>	<u>1,378</u>	<u>9,616</u>
<b>Reconciliation of distributions</b>		
Net expenses after taxation	(127)	(6,158)
Allocations to capital:		
Revenue deficit	<u>265</u>	<u>6,184</u>
<b>Net distribution for the year</b>	<u>138</u>	<u>26</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>7. Debtors</b>	<b>30.04.19</b>	<b>30.04.18</b>
	<b>£'000</b>	<b>£'000</b>
Amounts receivable for issue of shares	-	2,061
Sales gains from swap positions awaiting settlement	702	732
Sales awaiting settlements	-	235
Amount due from brokers	-	58,608
Accrued revenue	123	500
Tax recoverable	-	21
	<u>825</u>	<u>62,157</u>
<b>Non-current debtors</b>		
Overseas withholding tax	<u>-</u>	<u>1,712</u>
<b>8. Cash and bank balances</b>	<b>30.04.19</b>	<b>30.04.18</b>
	<b>£'000</b>	<b>£'000</b>
Cash and bank balances	<u>32,391</u>	<u>24,501</u>
Bank overdrafts	<u>(13,243)</u>	<u>-</u>
<b>9. Creditors</b>	<b>30.04.19</b>	<b>30.04.18</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable on cancellation of shares	3,354	303
Purchases awaiting settlement	1,038	2,137
Sales losses from swap positions awaiting settlement	-	2,628
Amounts payable to the ACD	188	261
Amounts payable to the depository	-	6
Revenue payable on short positions and to the broker	-	428
Amounts due to brokers	-	17,336
Provision against creditor claim*	9,104	-
	<u>13,684</u>	<u>23,099</u>
*Please refer to note 13.		
<b>10. Related party holdings</b>	<b>Held at 30.04.19</b>	<b>Held at 30.04.18</b>
'A' Income	-	12,472
'A' Accumulation	-	315,239
'I' Accumulation	-	257,723
'F' Accumulation	-	65,957

The holdings above were held by City Financial Investment Company Limited at 30 April 2018 as ACD. The new ACD, Valu-Trac Investment Management Limited, has no holdings.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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### 11. Units held

#### Class A Income

<b>Opening units at 01.05.18</b>	<b>257,084</b>
Units issued during the year	438,937
Units cancelled during the year	(498,252)
Units converted during the year	-
<b>Closing units at 30.04.19</b>	<b>197,769</b>

#### Class A Accumulation

<b>Opening units at 01.05.18</b>	<b>4,478,743</b>
Units issued during the year	198,522
Units cancelled during the year	(1,886,784)
Units converted during the year	-
<b>Closing units at 30.04.19</b>	<b>2,790,481</b>

#### Class I Accumulation

<b>Opening units at 01.05.18</b>	<b>51,396,009</b>
Units issued during the year	7,128,508
Units cancelled during the year	(33,298,554)
Units converted during the year	-
<b>Closing units at 30.04.19</b>	<b>25,225,963</b>

#### Class I Income

<b>Opening units at 01.05.18</b>	<b>9,758,187</b>
Units issued during the year	2,335,410
Units cancelled during the year	(8,054,189)
Units converted during the year	-
<b>Closing units at 30.04.19</b>	<b>4,039,408</b>

#### Class R Accumulation

<b>Opening units at 01.05.18</b>	<b>7,880,954</b>
Units issued during the year	189,114
Units cancelled during the year	(4,828,555)
Units converted during the year	-
<b>Closing units at 30.04.19</b>	<b>3,241,513</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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### **Class R Income**

<b>Opening units at 01.05.18</b>	<b>989,030</b>
Units issued during the year	-
Units cancelled during the year	(731,941)
Units converted during the year	-
<b>Closing units at 30.04.19</b>	<b>257,089</b>

### **Class F Income**

<b>Opening units at 01.05.18</b>	<b>500</b>
Units issued during the year	-
Units cancelled during the year	(500)
Units converted during the year	-
<b>Closing units at 30.04.19</b>	<b>-</b>

### **Class F Accumulation**

<b>Opening units at 01.05.18</b>	<b>14,318,086</b>
Units issued during the year	-
Units cancelled during the year	(14,252,129)
Units converted during the year	-
<b>Closing units at 30.04.19</b>	<b>65,957</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 12. Financial instruments

In pursuing its investment objective as stated on page 1, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments, other than derivatives, comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments, those of its underlying holdings and the ACD's policies for managing these risks are summarised below.

#### Market price risk

Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-fund holds. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements.

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 30.04.19 would have increased/decreased by £5,038,600 (2018 – £20,560,000).

#### Foreign currency risk

Foreign currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Investment in collective investment schemes that invest in overseas securities may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

Where the Sub-fund invests in non-sterling assets, the Investment Manager allows for the foreign currency risk when considering whether to invest and does not seek to hedge this risk.

This risk is not actively managed.

The table below shows the direct foreign currency risk profile:

	30.04.19 £'000	30.04.18 £'000
<b>Currency:</b>		
Australian dollars	798	2,071
Canadian dollars	1,886	4,580
Danish krone	1,533	937
Euros	22,437	28,608
Israel new shekel	688	-
Japanese yen	(23)	379
New Polish zloty	1,316	2,385
Norwegian krone	1,562	8,281
Singapore dollars	13	-
Swedish krona	918	140
Swiss francs	2,083	1,685
US dollars	17,631	1,878
Pounds sterling	5,833	217,535
Net assets	<b>56,675</b>	<b>270,864</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

A 5% change in the Pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £2,542,000 on the net assets of the Sub-fund (30.04.18 £2,547,000).

### Interest rate risk

Interest rate risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in interest rates. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The Sub-fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of interest rate risk posed by the Company's underlying investments on a regular basis.

The table below shows the interest rate risk profile:

	<b>30.04.19</b>	<b>30.04.18</b>
	<b>£'000</b>	<b>£'000</b>
Floating rate investments	-	-
Fixed rate investments	6,457	1,058
Investments on which interest is not paid	50,415	224,940
Investment liabilities on which interest is not paid	(6,486)	(20,405)
<b>Total investments</b>	<b>50,386</b>	<b>205,593</b>

Investments on which interest is not paid includes equities, warrants and total return swaps.

The table below shows the notional value of the Total Return Swaps on which interest is charged (Long) and received (Short):

	<b>30.04.19</b>	<b>30.04.18</b>
	<b>£'000</b>	<b>£'000</b>
<b>Nominal Short positions on which interest is received</b>		
Goldman Sachs Swap Basket CAD	(1,429)	-
Goldman Sachs Swap Basket DKK	(5,435)	(1,790)
Goldman Sachs Swap Basket EUR	(21,845)	(23,638)
Goldman Sachs Swap Basket GBP	(44,707)	(32,834)
Goldman Sachs Swap Basket JPY	(4,106)	-
Goldman Sachs Swap Basket SEK	-	(9,075)
Goldman Sachs Swap Basket USD	(15,047)	-
Merrill Lynch Swap Basket CHF	-	(3,461)
Merrill Lynch Swap Basket DKK	-	(7,449)
Merrill Lynch Swap Basket EUR	-	(63,398)
Merrill Lynch Swap Basket GBP	-	(94,013)
Merrill Lynch Swap Basket JPY	-	(12,457)
Merrill Lynch Swap Basket USD	-	(189,559)
	<b>(92,569)</b>	<b>(437,674)</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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### Nominal Long positions on which interest is charged

Goldman Sachs Swap Basket DKK	1,303	-
Goldman Sachs Swap Basket EUR	23,789	9,067
Goldman Sachs Swap Basket GBP	23,635	13,675
Goldman Sachs Swap Basket SEK	4,633	-
Goldman Sachs Swap Basket NOK	3,123	-
Merrill Lynch Swap Basket DKK	-	2,372
Merrill Lynch Swap Basket EUR	-	31,600
Merrill Lynch Swap Basket GBP	-	96,783
Merrill Lynch Swap Basket NOK	-	2,868
Merrill Lynch Swap Basket SEK	-	9,822
Merrill Lynch Swap Basket USD	-	3,572
	<b>56,483</b>	<b>169,759</b>

### Maturity of financial liabilities

The financial liabilities of the Sub-fund as at 30 April 2019 are payable either within one year or on demand.

### Derivatives risk

The Sub-fund's use of derivatives will tend to be extensive in order to gain long and short exposure equivalent to physical equity positions and the sub-fund will nearly always take short positions to maintain balance and help achieve the investment objective. This could involve complex derivative instruments or strategies to achieve the investment objective and protecting the capital value from risk. This may result in exposure greater than the value of the underlying assets. In such situations, performance may rise or fall more than it would have done otherwise.

Derivative transactions are entered into directly with an eligible person or institution (a 'counterparty'). There is a risk that the counterparty may not meet its obligations or become insolvent which could cause the Sub-fund to incur a loss.

The Sub-fund may also use equity options (on indices) to manage volatility. There is no guarantee the Investment Manager will be correct on these views.

The Value at Risk (VaR) approach is used primarily for monitoring the use of derivatives, as the CRO considers these risks are more appropriately measured this way.

The calculation of global exposure includes but is not limited to the current value of the underlying assets, counterparty risk, future market movements and the time available to liquidate positions taken.

The Investment Manager will use the Absolute VaR model to evaluate market exposure of the Sub-fund. For assessing the exposure of the Company, VaR shall not exceed 20% of the net asset value, measured using a 20 day period and a confidence level of 99%.

### Liquidity risk

The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any shares that the investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Sub-fund's assets consist of cash and readily realisable investments.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Credit risk

Certain transactions in securities that the Sub-fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the ACD as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

### Fair value disclosure

The fair value hierarchy is intended to prioritise the inputs that used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

A Fair value based on a quoted price for an identical instrument in an active market.

B Fair value based on the price of a recent transaction for an identical instrument.

C1 Fair value based on a valuation technique using observable market data.

C2 Fair value based on a valuation technique that relies significantly on non observable market data

Valuation Technique	Assets (£'000)	Liabilities (£'000)
A Quoted prices for identical instruments in active markets	49,717	-
C1 Fair value using observable market data	2,118	(6,486)
C2 Fair value relying on non observable market data	5,037	-
Total	56,872	(6,486)

### 13. Subsequent events-provision against creditor claim

Following the Company year end, Valu-Trac Investment Management Limited (the Authorised Corporate Director or "ACD") and Garraway Capital Management LLP (the Investment Manager) were made aware of a claim which has been brought against VT Garraway Investment Fund Series IV (the umbrella fund of which VT Garraway Absolute Equity Fund is the only sub-fund)(the "Fund") and nearly 50 other financial institutions and individuals by the Liquidating Trustee (the "Claimant") of Orion Health Corp, Inc, Constellation Healthcare Technologies, Inc ("CHT") and certain of their affiliated debtors and debtors-in-possession (the "Debtors"), in the United States Bankruptcy Court for the Eastern District of New York. The claim seeks the return of \$10,875,825.91 paid to the Fund in 2017 as part of a takeover of CHT, which was an AIM listed company. There are no allegations of any actual wrongdoing or fault by the Fund, the ACD or the Investment Manager (and indeed the ACD and Investment Manager had no involvement with the Fund at that time), but the Claimant alleges fraud by the Debtors' former management and seeks recovery of these amounts pursuant to U.S. and Delaware laws. Whilst the Fund considers the merits of the case and the defences available to it, the ACD has decided that it is prudent for the Fund to make a provision in its accounts for the full amount claimed plus an amount for legal fees.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 14. Portfolio transaction costs

	30.04.19		30.04.18	
	£'000		£'000	
<b>Analysis of total purchase costs</b>				
Purchases in the year before transaction costs	53,790		167,835	
Commissions	14	0.03%	85	0.05%
Taxes	22	0.04%	10	0.00%
Levies	-	0.00%	-	0.00%
Total purchase costs	36	0.07%	95	0.05%
Total purchases including transaction costs	<u>53,826</u>		<u>167,930</u>	
<b>Analysis of total sale costs</b>				
Sales in year before transaction costs	162,864		124,604	
Commissions	(261)	0.16%	(148)	0.12%
Taxes	(4)	0.00%	(2)	.00%
Total sale costs	(265)	0.16%	(150)	0.125%
Total sales net of transaction costs	<u>162,599</u>		<u>124,454</u>	

The following represents the total of each type of transaction cost, expressed as a percentage of the Fund's average net asset value in the year:

	2019	% of average net	2018	% of average
	£'000	asset value	£'000	net asset value
Commission	275	0.16%	233	0.10%
Taxes	26	0.01%	12	0.00%
Levies	-	0.00%	-	0.00%
	<u>301</u>	<u>0.17%</u>	<u>245</u>	<u>0.10%</u>

## DISTRIBUTION TABLES

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### Distribution Tables for the year ended 30 April 2019

Group 1: Shares purchased prior to 31 October 2018

Group 2: Shares purchased 1 November 2018 to 30 April 2019

Payment date	Unit type	Share class	Net revenue	Equalisation	Distribution Paid /allocated	Distribution Paid/ allocated
			2019	2019	2019	2018
30.06.19	group 1	Class F Income	-	-	-	0.2180p
30.06.19	group 2	Class F Income	-	-	-	0.2180p
		Class F				
30.06.19	group 1	Accumulation	-	-	-	0.2597p
		Class F				
30.06.19	group 2	Accumulation	-	-	-	0.2597p

There were no Interim and Final distributions for 'A' Accumulation shares, 'A' Income shares, 'I' Accumulation shares, 'I' Income shares, 'R' Accumulation shares and 'R' Income shares during the current and prior year.

There were no interim distributions for 'F' Income shares and 'F' Accumulation shares during the current and prior year.

### EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purpose.

## INFORMATION FOR INVESTORS

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### **Distribution**

Distributions of the revenue of the Company will be made to shareholders on or before 30 June each year (final) and 31 December each year (interim).

### **Taxation**

The Company will pay no UK corporation tax on its profits for the year to 30 April 2019 and capital gains within the Company will not be taxed.

### **Individual shareholders**

HM Revenue and Customs changed the taxation of dividends on 6 April 2016. Dividend tax credits were abolished and replaced by a tax-free annual dividend allowance now standing at £2,000. UK resident shareholders are now subject to new, higher rates of tax on dividend income in excess of the annual allowance. The actual rate depends on the individual's tax rate band.

Capital gains tax: Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. However, the first £12,000 (2019/2020) of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

### **Corporate shareholders**

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

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

### **Debts of the ICVC fund**

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

