

City Financial Investment Fund Series IV  
INTERIM REPORT  
AND  
FINANCIAL STATEMENTS

31 OCTOBER 2018

CityFinancial

## CITY FINANCIAL INVESTMENT FUND SERIES IV

---

Head Office: 62 Queen Street  
London EC4R 1EB

## AUTHORISED CORPORATE DIRECTOR ('ACD')

---

### CITY FINANCIAL INVESTMENT COMPANY LIMITED

(Authorised and regulated by  
the Financial Conduct Authority)

Head Office: 62 Queen Street  
London EC4R 1EB  
Telephone: +44 345 300 2107  
Fax: +44 113 224 6001  
E-mail: [administration@cityfinancial.co.uk](mailto:administration@cityfinancial.co.uk)  
Website: [www.cityfinancial.co.uk](http://www.cityfinancial.co.uk)

## DIRECTORS OF THE ACD

---

R.C. Hain  
A.N. Williams  
J.P. Hollihan  
M.L. Stein  
D.R. Beatty  
L.S. Aggarwal

## INVESTMENT MANAGER

---

### CITY FINANCIAL INVESTMENT COMPANY LIMITED

(Authorised and regulated by  
the Financial Conduct Authority)

62 Queen Street  
London EC4R 1EB

## DEPOSITARY

---

### BNY MELLON TRUST & DEPOSITARY (UK) LIMITED

(Authorised and regulated by  
the Financial Conduct Authority)

160 Queen Victoria Street  
London EC4V 4LA

## REGISTRAR

---

### LINK FUND ADMINISTRATORS LIMITED

(Authorised and regulated by  
the Financial Conduct Authority)

Customer Service Centre:  
Arlington Business Centre  
Millshaw Park Lane  
Leeds LS11 0PA  
Telephone: +44 345 300 2107  
Fax: +44 113 224 6001

## INDEPENDENT AUDITOR

---

### GRANT THORNTON UK LLP

(Chartered Accountants and Registered Auditor)

30 Finsbury Square  
London EC2P 2YU

# CONTENTS

ACD's Report . . . . .	2
Authorised Status . . . . .	2
Securities Financing Transactions . . . . .	2
Director's Statement . . . . .	4
 <b>CITY FINANCIAL ABSOLUTE EQUITY FUND</b>	
ACD's Report . . . . .	5
Investment Objective and Policy . . . . .	5
Investment Manager's Report . . . . .	6
Fund Information . . . . .	8
Portfolio Statement . . . . .	18
Summary of Material Portfolio Changes . . . . .	31
 <b>INTERIM FINANCIAL STATEMENTS (UNAUDITED)</b>	
Statement of Total Return . . . . .	32
Statement of Change in Net Assets Attributable to Shareholders . . . . .	32
Balance Sheet . . . . .	33
Notes to the Interim Financial Statements . . . . .	34
General Information . . . . .	35

## ACD'S REPORT

for the half year ended 31 October 2018

### Authorised Status

City Financial 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. The Company has an unlimited duration.

It is a UCITS scheme and the base currency of the Company and its sub-fund is pounds sterling.

Shareholders are not liable for the debts of the Company.

### Securities Financing Transactions

The European Regulation on reporting and transparency of securities financing transactions ('SFTs'), which aims to improve the transparency and monitoring of the financial system, entered into force on 13 January 2016. The SFTs applies to the ACD as a UCITS management company and requires the ACD to comply with a series of obligations. In particular, the ACD will be required to provide investors with information on the use of SFTs and total return swaps ('TRS') by the Company in all interim and annual reports for the Company published from 13 January 2017.

The following table details the absolute market value for open total return swaps, their respective counterparties and maturity tenor of their related cash and non-cash collateral, as at the balance sheet date:

Counterparty borrower/ lender	Counterparty's country of establishment	Total Return Swaps – Market value £'000	% of Assets under management
Merrill Lynch	US	606	0.30
Goldman Sachs	US	123	0.07

Counterparty borrower/lender	Maturity tenor of Total Return Swaps						Open £'000
	<1 day £'000	1 to 7 days £'000	8 to 30 days £'000	31 to 90 days £'000	91 to 365 days £'000	More than 365 days £'000	
Merrill Lynch	–	–	–	55	(2,772)	3,323	–
Goldman Sachs	–	–	–	–	–	–	123

The above maturity tenor analysis has been based on the contractual maturity date of the TRS.

Collateral received/paid was in the form of cash with a maturity tenor of less than one day.

**ACD'S REPORT** *continued***Securities Financing Transactions** *continued*

The currency of the collateral cash is as follows (GBP Base £'000):

	Australian dollars	Canadian dollars	Danish krone	Euros	Japanese yen
Merrill Lynch	1	1	128	–	2,292
Goldman Sachs	–	–	1,666	1,759	–
Merrill Lynch	–	(1)	–	(11,694)	–
Goldman Sachs	–	–	–	–	–
	Norwegian krone	Swedish krona	Swiss francs	US dollars	Pounds sterling
Merrill Lynch	1,399	842	1,086	10,840	35,992
Goldman Sachs	–	706	737	–	9,664
Merrill Lynch	(57)	(85)	(264)	(21,837)	(21,904)
Goldman Sachs	–	–	–	–	–

OTC derivative transactions including TRS are entered into by the Company under an International Swaps and Derivatives Associations, Inc. Master Agreement ('ISDA Master Agreement') or similar agreement. An ISDA Master Agreement is a bilateral agreement between the Company and a counterparty that governs OTC derivative transactions (including TRS) entered into by the parties.

Total TRS losses for the period of £46,173,000 are accrued 100% to the Fund and are not subject to any returns sharing arrangements with the Fund's ACD or any other third parties.

Collateral in the form of cash is held with the custodian, The Bank of New York Mellon London Branch, and is not held in segregated accounts or in pooled accounts.

Cash collateral received by way of title transfer collateral arrangement in relation to TRS, cannot be sold, re-invested or pledged.

**CITY FINANCIAL INVESTMENT COMPANY LIMITED**

ACD of City Financial Investment Fund Series IV

24 December 2018

## DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

**R.C. HAIN**

**CITY FINANCIAL INVESTMENT COMPANY LIMITED**

ACD of City Financial Investment Fund Series IV

*24 December 2018*

## **CITY FINANCIAL ABSOLUTE EQUITY FUND ACD'S REPORT**

**for the half year ended 31 October 2018**

### **Investment Objective and Policy**

The City Financial Absolute Equity Fund ('the 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 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 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 Fund may suffer negative returns.

The 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 Fund may also invest in other transferable securities, money market instruments and units in collective investment schemes.

The 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 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 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 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 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.

## **CITY FINANCIAL ABSOLUTE EQUITY FUND**

### **ACD'S REPORT** *continued*

### **INVESTMENT MANAGER'S REPORT**

**for the half year ended 31 October 2018**

Over the six month period to end of October 2018, the City Financial Absolute Equity Fund (the "Fund") (I Acc share class) was down 19.8%.

During the period under review the Fund's short positions resulted in losses which were not compensated by long positions.

It has been a challenging period for the Fund with the largest drawdown in its ten-and-a-half-year history. The majority of the drawdown is 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 which 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, but have valuation support in the medium term, or companies that have more than priced in any economic slowdown or slower-than-expected recovery.

Following negative monthly returns in the first five months of the period for the reasons discussed above, October performance was positive. Gains in October were spread across a broad number of short positions as market sentiment turned sharply negative. The general UK stock market fell around 5% and the US stock market around 7% with the US technology index down around 8%. At its lows the US technology index was down over 10%. A certain volatility index (VIX Index) more than doubled from its lows during the month.

As we have previously noted, we think there are numerous companies whose market values cannot be justified by their fundamentals. This includes: I) cyclical companies on high profit multiples of probable peak or near-peak profits; II) technology/biotechnology companies on high multiples of sales and with limited prospect of generating positive near-term cash flows; and, III) structurally impaired companies with a poor outlook for profitability and with uncertain terminal equity value. We remain short of a diverse selection of all the above.

In our long book, we continue to see significant upside to intrinsic value. Our longs include companies where potentially weaker profit outlooks are more than factored into the share prices. We also have a number of idiosyncratic long positions where their ultimate values will be primarily determined by internal drivers within control of their managements rather than the macroeconomic backdrop.

We ended the month with a significant net short position of around 30%. The last time we were this negatively positioned was in 2008.



## **CITY FINANCIAL ABSOLUTE EQUITY FUND**

### **ACD'S REPORT** *continued*

### **INVESTMENT MANAGER'S REPORT** *continued*

We expect market conditions to improve and believe the Fund is positioned to benefit from this environment and deliver better performance in the future.

*Data Source: Morningstar Direct, daily returns, base currency. Data range: 01 May 2018 – 31 October 2018.*

#### **CITY FINANCIAL INVESTMENT COMPANY LIMITED**

Authorised Corporate Director

24 December 2018

# CITY FINANCIAL ABSOLUTE EQUITY FUND

## ACD'S REPORT *continued*

### FUND INFORMATION

#### Synthetic Risk and Reward Indicator



The risk category is based on the rate at which the value of the Fund has moved up or down in the past.

Historical Fund data is used in calculating the risk category and may not be a reliable indication of the future risk profile of the Fund.

The lowest category does not mean risk free.

The Fund is in category 5 as its prices have experienced significant rises and falls historically.

Derivatives (complex instruments) are used for investment purposes and the net asset value of the Fund may therefore, at times, be highly volatile.

The risk and reward category shown is not guaranteed to remain unchanged and may shift over time.

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables**

Information for 31 October 2018 relates to the 6 month period ending 31 October 2018. The operating charges relate to the expenses incurred on an ex post basis over the 6 month period ending 31 October 2018, expressed as an annualised percentage of the average net asset value.

A performance fee is applied to all share classes. The performance fee is calculated as 20% of the outperformance, when the rate of growth over the performance period exceeds the benchmark of the Fund. A high watermark was introduced effective 30 April 2014. The performance fee % disclosed in the Comparative Tables is calculated as the annualised performance fee charged to the share class, divided by the average net asset value of the share class over the period.

**'A' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.10.18 pence per share</b>	<b>30.04.18 pence per share</b>	<b>30.04.17 pence per share</b>	<b>30.04.16 pence per share</b>
Opening net asset value per share	331.89	331.76	308.16	269.99
Return before operating charges*	(74.04)	10.36	30.39	58.47
Operating charges	(2.53)	(6.33)	(5.28)	(5.84)
Performance fees	–	(3.90)	(1.51)	(14.46)
Return after operating charges	(76.57)	0.13	23.60	38.17
Distributions	–	–	–	–
Closing net asset value per share	255.32	331.89	331.76	308.16
* after direct transaction costs of:	0.13	0.34	0.28	0.22

**PERFORMANCE**

Return after charges	(23.07)%	0.04%	7.66%	14.14%
----------------------	----------	-------	-------	--------

**OTHER INFORMATION**

Closing net asset value (£'000)	581	853	1,045	1,344
Closing number of shares	227,713	257,084	314,991	435,980
Operating charges	1.86%	1.85%	1.85%	1.85%
Performance fee	–	1.14%	0.53%	4.60%
Direct transaction costs	0.05%	0.10%	0.10%	0.06%

**PRICES**

Highest share price	337.56	368.69	334.12	339.94
Lowest share price	240.59	326.94	251.09	271.38

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'A' ACCUMULATION SHARES**

CHANGE IN NET ASSETS PER SHARE	31.10.18 pence per share	30.04.18 pence per share	30.04.17 pence per share	30.04.16 pence per share
Opening net asset value per share	348.70	348.36	323.57	283.65
Return before operating charges*	(77.76)	10.80	31.92	60.88
Operating charges	(2.66)	(6.65)	(5.54)	(6.14)
Performance fees	–	(3.81)	(1.59)	(14.82)
Return after operating charges	(80.42)	0.34	24.79	39.92
Distributions	–	–	–	–
Retained distributions on accumulation shares	–	–	–	–
Closing net asset value per share	268.28	348.70	348.36	323.57
* after direct transaction costs of:	0.13	0.35	0.30	0.24

**PERFORMANCE**

Return after charges	(23.06)%	0.10%	7.66%	14.07%
----------------------	----------	-------	-------	--------

**OTHER INFORMATION**

Closing net asset value (£'000)	9,660	15,618	18,965	22,453
Closing number of shares	3,600,656	4,478,743	5,444,429	6,939,099
Operating charges	1.86%	1.85%	1.85%	1.85%
Performance fee	–	1.06%	0.53%	4.47%
Direct transaction costs	0.05%	0.10%	0.10%	0.06%

**PRICES**

Highest share price	354.66	387.18	350.84	356.97
Lowest share price	252.78	343.35	263.65	285.12

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'I' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.10.18 pence per share</b>	<b>30.04.18 pence per share</b>	<b>30.04.17 pence per share</b>	<b>30.04.16 pence per share</b>
Opening net asset value per share	350.08	346.32	319.38	279.37
Return before operating charges*	(78.14)	10.91	32.17	51.14
Operating charges	(1.37)	(3.38)	(2.79)	(3.14)
Performance fee	–	(3.77)	(2.44)	(7.99)
Return after operating charges	(79.51)	3.76	26.94	40.01
Distributions	–	–	–	–
Closing net asset value per share	270.57	350.08	346.32	319.38
* after direct transaction costs of:	0.13	0.35	0.29	0.24

**PERFORMANCE**

Return after charges	(22.71)%	1.09%	8.44%	14.32%
----------------------	----------	-------	-------	--------

**OTHER INFORMATION**

Closing net asset value (£'000)	25,866	34,161	43,549	37,866
Closing number of shares	9,559,701	9,758,187	12,574,935	11,856,025
Operating charges	0.95%	0.94%	0.94%	0.94%
Performance fee	–	1.05%	0.82%	2.40%
Direct transaction costs	0.05%	0.10%	0.10%	0.06%

**PRICES**

Highest share price	356.07	388.14	348.76	352.85
Lowest share price	254.77	342.86	260.68	280.85

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'I' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.10.18 pence per share</b>	<b>30.04.18 pence per share</b>	<b>30.04.17 pence per share</b>	<b>30.04.16 pence per share</b>
Opening net asset value per share	376.58	373.35	344.26	300.63
Return before operating charges*	(84.07)	11.13	34.37	56.75
Operating charges	(1.47)	(3.64)	(3.01)	(3.38)
Performance fees	–	(4.26)	(2.27)	(9.74)
Return after operating charges	(85.54)	3.23	29.09	43.63
Distributions	–	–	–	–
Retained distributions on accumulation shares	–	–	–	–
Closing net asset value per share	291.04	376.58	373.35	344.26
* after direct transaction costs of:	0.14	0.38	0.32	0.25

**PERFORMANCE**

Return after charges	(22.71)%	0.87%	8.45%	14.51%
----------------------	----------	-------	-------	--------

**OTHER INFORMATION**

Closing net asset value (£'000)	137,120	193,547	168,783	229,377
Closing number of shares	47,113,936	51,396,009	45,207,963	66,629,028
Operating charges	0.95%	0.94%	0.94%	0.94%
Performance fee	–	1.10%	0.71%	2.72%
Direct transaction costs	0.05%	0.10%	0.10%	0.06%

**PRICES**

Highest share price	383.03	417.58	375.98	379.94
Lowest share price	274.06	368.77	280.98	302.21

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'R' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.10.18 pence per share</b>	<b>30.04.18 pence per share</b>	<b>30.04.17 pence per share</b>	<b>30.04.16 pence per share</b>
Opening net asset value per share	131.68	130.22	120.15	105.45
Return before operating charges*	(29.40)	4.45	12.68	18.62
Operating charges	(0.60)	(1.49)	(1.23)	(1.39)
Performance fees	–	(1.50)	(1.38)	(2.53)
Return after operating charges	(30.00)	1.46	10.07	14.70
Distributions	–	–	–	–
Closing net asset value per share	101.68	131.68	130.22	120.15
* after direct transaction costs of:	0.05	0.13	0.11	0.09

**PERFORMANCE**

Return after charges	(22.78)%	1.12%	8.38%	13.94%
----------------------	----------	-------	-------	--------

**OTHER INFORMATION**

Closing net asset value (£'000)	1,355	1,302	2,873	507
Closing number of shares	1,333,024	989,030	2,206,576	422,324
Operating charges	1.11%	1.10%	1.10%	1.10%
Performance fee	–	1.11%	1.24%	2.00%
Direct transaction costs	0.05%	0.10%	0.10%	0.06%

**PRICES**

Highest share price	133.94	145.98	131.14	132.79
Lowest share price	95.77	129.14	98.04	106.01

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'R' ACCUMULATION SHARES**

CHANGE IN NET ASSETS PER SHARE	31.10.18 pence per share	30.04.18 pence per share	30.04.17 pence per share	30.04.16 pence per share
Opening net asset value per share	131.68	130.69	120.56	105.65
Return before operating charges*	(29.39)	4.00	12.16	18.48
Operating charges	(0.60)	(1.49)	(1.23)	(1.39)
Performance fees	–	(1.52)	(0.80)	(2.18)
Return after operating charges	(29.99)	0.99	10.13	14.91
Distributions	–	–	–	–
Retained distributions on accumulation shares	–	–	–	–
Closing net asset value per share	101.69	131.68	130.69	120.56
* after direct transaction costs of:	0.05	0.13	0.11	0.09

**PERFORMANCE**

Return after charges	(22.77)%	0.76%	8.40%	14.11%
----------------------	----------	-------	-------	--------

**OTHER INFORMATION**

Closing net asset value (£'000)	4,865	10,378	10,167	10,603
Closing number of shares	4,783,959	7,880,954	7,779,144	8,794,204
Operating charges	1.11%	1.10%	1.10%	1.10%
Performance fee	–	1.12%	0.71%	1.72%
Direct transaction costs	0.05%	0.10%	0.10%	0.06%

**PRICES**

Highest share price	133.94	146.00	131.62	133.65
Lowest share price	95.76	129.02	98.37	106.21



**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'F' INCOME SHARES**

(THIS CLASS IS ONLY AVAILABLE FOR  
INVESTMENT BY THE CITY FINANCIAL  
ABSOLUTE EQUITY FEEDER FUND)

CHANGE IN NET ASSETS PER SHARE	31.10.18 pence per share	30.04.18 pence per share	30.04.17 pence per share	30.04.16 <sup>1</sup> pence per share
Opening net asset value per share	104.43	101.77	92.39	100.00
Return before operating charges*	(23.24)	3.08	9.54	(7.61)
Operating charges	(0.09)	(0.20)	(0.16)	–
Performance fees	–	–	–	–
Return after operating charges	(23.33)	2.88	9.38	(7.61)
Distributions	–	(0.22)	–	–
Closing net asset value per share	81.10	104.43	101.77	92.39
* after direct transaction costs of:	0.04	0.10	0.09	0.02

**PERFORMANCE**

Return after charges	(22.34)%	2.83%	10.15%	(7.61)%
----------------------	----------	-------	--------	---------

**OTHER INFORMATION**

Closing net asset value (£'000)	–	1	1	–
Closing number of shares	500	500	500	500
Operating charges	0.20%	0.19%	0.19%	0.19% <sup>2</sup>
Performance fee	–	–	–	–
Direct transaction costs	0.05%	0.10%	0.10%	0.06%

**PRICES**

Highest share price	106.21	117.51	102.48	102.79
Lowest share price	76.31	100.71	75.53	92.51

<sup>1</sup> From 18 January 2016.

<sup>2</sup> Annualised figure due to share class only being launched on 18 January 2016.

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued*

**'F' ACCUMULATION SHARES**  
 (THIS CLASS IS ONLY AVAILABLE FOR  
 INVESTMENT BY THE CITY FINANCIAL  
 ABSOLUTE EQUITY FEEDER FUND)

CHANGE IN NET ASSETS PER SHARE	31.10.18 pence per share	30.04.18 pence per share	30.04.17 pence per share	30.04.16 <sup>1</sup> pence per share
Opening net asset value per share	104.79	101.85	92.42	100.00
Return before operating charges*	(23.32)	3.14	9.59	(7.58)
Operating charges	(0.09)	(0.20)	(0.16)	–
Performance fees	–	–	–	–
Return after operating charges	(23.41)	2.94	9.43	(7.58)
Distributions	–	(0.26)	–	(0.04)
Retained distributions on accumulation shares	–	0.26	–	0.04
Closing net asset value per share	81.38	104.79	101.85	92.42
* after direct transaction costs of:	0.04	0.11	0.09	0.02

**PERFORMANCE**

Return after charges	(22.34)%	2.89%	10.20%	(7.58)%
----------------------	----------	-------	--------	---------

**OTHER INFORMATION**

Closing net asset value (£'000)	13,138	15,004	7,880	18,951
Closing number of shares	16,145,134	14,318,086	7,736,606	20,506,313
Operating charges	0.20%	0.19%	0.19%	0.19% <sup>2</sup>
Performance fee	–	–	–	–
Direct transaction costs	0.05%	0.10%	0.10%	0.06%

**PRICES**

Highest share price	106.59	117.67	102.57	102.79
Lowest share price	76.57	100.82	75.56	92.54

<sup>1</sup> From 18 January 2016.

<sup>2</sup> Annualised figure due to share class only being launched on 18 January 2016.

## CITY FINANCIAL ABSOLUTE EQUITY FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 October 2018 (%)

	6 months	1 year	3 years	5 years
City Financial Absolute Equity Fund	(19.81)	(23.12)	(14.85)	31.22
3 Month Sterling LIBOR	0.35	0.58	1.50	2.63

*Source: Morningstar Direct to 31 October 2018, daily, post-tax returns, mid-to-bid based on 'I' Accumulation shares which includes reinvested income.*

The performance of the Fund is based on the published price per 'I' Accumulation share which includes reinvested income. On 17 May 2014 the 'B' Accumulation share class changed to 'I' Accumulation share class.

Please contact [investorservices@linkgroup.co.uk](mailto:investorservices@linkgroup.co.uk) for the performance of other share classes in the Fund.

A performance fee of 20% of out-performance of 3 Month Sterling LIBOR of £nil was paid in the current period (30.04.18: £2,547,648).

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to the above performance being calculated on the latest published price prior to the period end, rather than the period end return after operating charges.

#### RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT**

as at 31 October 2018

Holding	Portfolio of Investments	Market Value £'000	31.10.18 %
	DEBT SECURITIES – 0.55% (30.04.18 – 0.39%)		
	CORPORATE BONDS – 0.55% (30.04.18 – 0.39%)		
£700,000	600 8% 18/2/2020 <sup>1</sup>	658	0.34
£400,000	EU Supply 10% 28/2/2020 <sup>1</sup>	400	0.21
£250,000	Litebulb 10% 16/12/2017 <sup>2</sup>	–	–
		<u>1,058</u>	<u>0.55</u>
	TOTAL DEBT SECURITIES	<u>1,058</u>	<u>0.55</u>
	ALTERNATIVE INVESTMENT MARKET – 37.99% (30.04.18 – 48.79%)		
	OIL & GAS – 7.28% (30.04.18 – 4.81%)		
	OIL & GAS PRODUCERS – 2.60% (30.04.18 – 2.99%)		
56,247,700	Cabot Energy	844	0.44
3,076,922	Chariot Oil & Gas	90	0.05
360,000	Jersey Oil & Gas	666	0.34
9,250,000	Providence Resources	1,355	0.70
19,000,000	Rose Petroleum	532	0.28
5,000,000	Savannah Petroleum	1,525	0.79
		<u>5,012</u>	<u>2.60</u>
	OIL EQUIPMENT, SERVICES & DISTRIBUTION – 4.61% (30.04.18 – 1.74%)		
3,900,341	Enteq Upstream	1,014	0.53
3,569,938	MYCELX Technologies	7,854	4.08
		<u>8,868</u>	<u>4.61</u>
	ALTERNATIVE ENERGY – 0.07% (30.04.18 – 0.08%)		
524,738	ITM Power	134	0.07
	TOTAL OIL & GAS	<u>14,014</u>	<u>7.28</u>

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 October 2018

Holding	Portfolio of Investments	Market Value £'000	31.10.18 %
	BASIC MATERIALS – 6.02% (30.04.18 – 6.63%)		
	CHEMICALS – 0.71% (30.04.18 – 0.77%)		
10,529,245	Plant Health Care	1,369	0.71
	INDUSTRIAL METALS & MINING – 0.74% (30.04.18 – 0.34%)		
34,967,235	AfriTin Mining	1,119	0.58
22,222,222	Strategic Minerals	311	0.16
		1,430	0.74
	MINING – 4.57% (30.04.18 – 5.52%)		
905,810	Avesoro Resources	1,667	0.87
4,553,408	Base Resources	578	0.30
3,486,376	Condor Gold	1,081	0.56
36,540,635	Crusader Resources <sup>3</sup>	502	0.26
1,500,000	Erris Resources	90	0.05
104,690,476	Horizonte Minerals	2,513	1.31
5,000,000	Kore Potash	158	0.08
2,965,000	Serabi Gold	1,097	0.57
26,000,000	Shanta Gold	1,105	0.57
		8,791	4.57
	TOTAL BASIC MATERIALS	11,590	6.02
	INDUSTRIALS – 9.33% (30.04.18 – 11.31%)		
	CONSTRUCTION & MATERIALS – 2.36% (30.04.18 – 2.17%)		
2,850,000	Epwin	2,340	1.21
1,263,700	Nexus Infrastructure	2,211	1.15
		4,551	2.36

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 October 2018

Holding	Portfolio of Investments	Market Value £'000	31.10.18 %
	INDUSTRIAL ENGINEERING – 3.93% (30.04.18 – 6.76%)		
5,231,192	600	837	0.43
1,694,754	Pressure Technologies	1,780	0.92
1,397,594	Somero Enterprises	4,961	2.58
		<u>7,578</u>	<u>3.93</u>
	INDUSTRIAL TRANSPORTATION – 0.68% (30.04.18 – 0.86%)		
2,835,471	Xpediator	<u>1,304</u>	<u>0.68</u>
	SUPPORT SERVICES – 2.36% (30.04.18 – 1.52%)		
570,000	Gordon Dadds	1,035	0.54
299,990	Impellam	1,770	0.92
25,000,000	Malvern	1,225	0.64
3,881,578	Norman Broadbent	466	0.24
269,525	Wey Education	32	0.02
		<u>4,528</u>	<u>2.36</u>
	TOTAL INDUSTRIALS	<u>17,961</u>	<u>9.33</u>
	CONSUMER GOODS – 2.03% (30.04.18 – 1.79%)		
	HOUSEHOLD GOODS & HOME CONSTRUCTION – 2.03% (30.04.18 – 1.63%)		
1,044,180	Mar City <sup>1</sup>	251	0.13
3,330,522	Springfield Properties	3,664	1.90
		<u>3,915</u>	<u>2.03</u>
	PERSONAL GOODS – 0.00% (30.04.18 – 0.16%)	<u>–</u>	<u>–</u>
	TOTAL CONSUMER GOODS	<u>3,915</u>	<u>2.03</u>

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 October 2018

Holding	Portfolio of Investments	Market Value £'000	31.10.18 %
	HEALTH CARE – 4.43% (30.04.18 – 8.96%)		
	HEALTH CARE EQUIPMENT & SERVICES – 0.15% (30.04.18 – 0.13%)		
5,768,258	Lidco	294	0.15
	PHARMACEUTICALS & BIOTECHNOLOGY – 4.28% (30.04.18 – 8.83%)		
1,544,761	C4X Discovery	1,189	0.62
1,696,943	Destiny Pharma	1,222	0.63
855,000	MaxCyte	1,796	0.93
484,225	Mereo Biopharma	920	0.48
3,125,000	Midatech Pharma	469	0.24
21,287,775	Scancell	1,639	0.85
921,304	Verseon	1,013	0.53
		8,248	4.28
	TOTAL HEALTH CARE	8,542	4.43
	CONSUMER SERVICES – 1.17% (30.04.18 – 2.43%)		
	GENERAL RETAILERS – 0.45% (30.04.18 – 0.81%)		
31,500,000	7digital	866	0.45
	MEDIA – 0.72% (30.04.18 – 1.41%)		
332,830	Bonhill	263	0.14
1,400,000	Jaywing	252	0.13
3,797,928	Mirriad Advertising	722	0.37
40,000,000	Zinc Media	160	0.08
		1,397	0.72
	TRAVEL & LEISURE – 0.00% (30.04.18 – 0.21%)	–	–
	TOTAL CONSUMER SERVICES	2,263	1.17

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 October 2018

Holding	Portfolio of Investments	Market Value £'000	31.10.18 %
	TELECOMMUNICATIONS – 0.11% (30.04.18 – 0.48%)		
	FIXED LINE TELECOMMUNICATIONS – 0.11% (30.04.18 – 0.48%)		
60,000	Adept Telecom	204	0.11
	FINANCIALS – 6.10% (30.04.18 – 10.50%)		
	NON-LIFE INSURANCE – 0.00% (30.04.18 – 2.80%)	–	–
	REAL ESTATE INVESTMENT & SERVICES – 0.20% (30.04.18 – 0.16%)		
410,000	Belvoir Lettings	390	0.20
	REAL ESTATE INVESTMENT TRUSTS – 1.18% (30.04.18 – 2.54%)		
4,270,459	Real Estate Investors	2,263	1.18
	FINANCIAL SERVICES – 4.28% (30.04.18 – 4.27%)		
2,117,870	Orchard Funding	1,970	1.02
3,159,143	Ramsdens	4,991	2.59
136,578,623	Reabold Resources	956	0.50
125,000	Shore Capital	319	0.17
		8,236	4.28
	EQUITY INVESTMENT INSTRUMENTS – 0.01% (30.04.18 – 0.01%)		
299,990	Normandy <sup>3</sup>	21	0.01
	NON-EQUITY INVESTMENT INSTRUMENTS – 0.43% (30.04.18 – 0.72%)		
1,000,000	Stirling Industries	830	0.43
	TOTAL FINANCIALS	11,740	6.10



**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 October 2018

Holding	Portfolio of Investments	Market Value £'000	31.10.18 %
	TECHNOLOGY – 1.52% (30.04.18 – 1.88%)		
	SOFTWARE & COMPUTER SERVICES – 1.28% (30.04.18 – 1.30%)		
737,333	365 Agile <sup>3</sup>	30	0.01
645,781	Cloudcall	594	0.31
5,200,000	EU Supply	546	0.28
2,700,000	GetBusy	1,026	0.53
3,333,333	Maestrano	283	0.15
		<u>2,479</u>	<u>1.28</u>
	TECHNOLOGY HARDWARE & EQUIPMENT – 0.24% (30.04.18 – 0.58%)		
2,400,714	Ethernity Networks	456	0.24
	TOTAL TECHNOLOGY	<u>2,935</u>	<u>1.52</u>
	TOTAL ALTERNATIVE INVESTMENT MARKET	<u>73,164</u>	<u>37.99</u>
	UNITED KINGDOM MAIN MARKET – 6.92% (30.04.18 – 8.37%)		
350,000	AO World	464	0.24
272,064	Chesnara	932	0.48
10,714,286	Fibre 7 UK <sup>1</sup>	107	0.05
11,404	HAMSARD 3436 <sup>1</sup>	11	0.01
1,575,426	Ingenuity Digital <sup>1</sup>	1,575	0.82
17,083,333	Moxico Resources <sup>1</sup>	2,050	1.06
215,987	Palace Capital	631	0.33
142,166	RockRose Energy	803	0.42
3,017,806	Ten Entertainment	6,760	3.51
	TOTAL UNITED KINGDOM MAIN MARKET	<u>13,333</u>	<u>6.92</u>

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 October 2018

Holding	Portfolio of Investments	Market Value £'000	31.10.18 %
	CONTINENTAL EUROPE – 15.79% (30.04.18 – 15.98%)		
263,260	Berentzen-Gruppe	1,478	0.77
96,774	Carbios	596	0.31
63,000	DEFAMA	682	0.35
1,927,716	DOF ASA	1,104	0.57
500,000	e SFPI	1,193	0.62
139,845	EYEMAXX Real Estate	1,200	0.62
45,885	Kerlink SACA	232	0.12
2,550,000	KR Energy	5,948	3.09
1,280,399	Magseis	2,027	1.05
37,988	Manutan	1,987	1.03
400,000	Ringmetall	1,224	0.64
15,111,751	SD Standard Drilling	2,057	1.07
12,859,117	Serinus Energy	2,025	1.05
194,600	Siti B&T	890	0.46
72,800	Società Impianti Turistici	549	0.29
988,349	SuperSonic Imagine	1,381	0.72
394,220	Touax	2,090	1.08
16,396	Unieuro	154	0.08
697,585	Vente-Unique.Com	3,594	1.87
	TOTAL CONTINENTAL EUROPE	30,411	15.79
	AUSTRALIA – 1.33% (30.04.18 – 1.89%)		
3,000,000	Base Resources	383	0.20
23,076,923	Crusader Resources	256	0.13
15,750,000	European Cobalt	367	0.19
5,990,000	Salt Lake Potash	1,557	0.81
	TOTAL AUSTRALIA	2,563	1.33
	CANADA – 1.10% (30.04.18 – 1.67%)		
700,000	Carta Solutions <sup>1</sup>	417	0.22
24,000,000	ConjuChem Biotechnologies <sup>2</sup>	–	–
10,700,000	PetroTal	1,690	0.88
	TOTAL CANADA	2,107	1.10

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 October 2018

Holding	Portfolio of Investments	Notional Value £'000	Market Value £'000	31.10.18 %
	UNITED STATES – 2.79% (30.04.18 – 2.17%)			
5,743	Cambryn Biologics <sup>1</sup>		1,565	0.81
168,765	Dorian LPG		1,049	0.54
841,700	Greenfields Petroleum		203	0.11
1,265,996	Nordic American Tankers		2,556	1.33
	TOTAL UNITED STATES		5,373	2.79
	WARRANTS – 0.93% (30.04.18 – 0.55%)			
3,500,000	600 Group Warrants 14/2/2020 <sup>1</sup>		–	–
96,774	Carbios Warrants 30/11/2018		–	–
812,955	Condor Gold Warrants 28/2/2019 <sup>1</sup>		167	0.09
930,232	Condor Gold Warrants 28/3/2020 <sup>1</sup>		–	–
4,516,539	Constellation Warrants 31/12/2049 <sup>1</sup>		760	0.40
750,000	Cradle Arc Warrants 31/12/2049 <sup>1</sup>		563	0.29
2,550,000	KR Energy Warrants 31/12/2049		294	0.15
	TOTAL WARRANTS		1,784	0.93
	SWAPS – 0.37% (30.04.18 – (3.91)%)			
	GOLDMAN SACHS SWAP BASKET DKK – (0.03)% (30.04.18 – 0.00%)			
(106,235)	Ambu	(1,732)	(63)	(0.03)
	GOLDMAN SACHS SWAP BASKET EUR – (0.08)% (30.04.18 – (0.63)%)			
55,931	Cast	171	(10)	(0.01)
(74,477)	Neste Oil	(4,796)	(208)	(0.11)
67,302	Shop Apotheke	2,674	72	0.04
(60,000)	Umicore	(2,213)	(8)	–
		(4,164)	(154)	(0.08)

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 October 2018

Holding	Portfolio of Investments	Notional Value £'000	Market Value £'000	31.10.18 %
	GOLDMAN SACHS SWAP BASKET GBP – 0.15% (30.04.18 – (0.18)%)			
(540,795)	Babcock International	(3,304)	87	0.05
(5,000,719)	Hurricane Energy	(2,295)	333	0.17
663,309	Provident Financial	3,383	(234)	(0.12)
(125,730)	Purecircle	(415)	(11)	–
(5,000,000)	Sirius	(1,150)	102	0.05
(2,260,494)	Telit Communication	(3,574)	5	–
		<u>(7,355)</u>	<u>282</u>	<u>0.15</u>
	GOLDMAN SACHS SWAP BASKET SEK – 0.03% (30.04.18 – 0.03%)			
(100,000)	Hexagon	<u>(3,849)</u>	<u>58</u>	<u>0.03</u>
	MERRILL LYNCH SWAP BASKET CHF – 0.00% (30.04.18 – (0.02)%)	<u>–</u>	<u>–</u>	<u>–</u>
	MERRILL LYNCH SWAP BASKET DKK – (0.02)% (30.04.18 – 0.03%)			
(263,765)	Ambu	(4,301)	(154)	(0.08)
(200,000)	ISS	(5,139)	70	0.04
409,863	Torm	1,878	41	0.02
		<u>(7,562)</u>	<u>(43)</u>	<u>(0.02)</u>
	MERRILL LYNCH SWAP BASKET EUR – 0.15% (30.04.18 – (0.52)%)			
(35,000)	Adidas AG	(6,468)	(363)	(0.19)
(11,315)	Adyen	(5,719)	(86)	(0.04)
1,507,479	Alpha Bank	1,759	200	0.10
(59,412)	Amadeus IT	(3,750)	(21)	(0.01)
549,368	Amplitude Promesse	1,569	63	0.03
380,045	Cerved	2,374	(322)	(0.17)
1,292,606	Encavis	6,820	46	0.02
576,922	Hamborner	4,563	102	0.05
(103,652)	Huhtamaki	(2,278)	58	0.03

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 October 2018

Holding	Portfolio of Investments	Notional Value £'000	Market Value £'000	31.10.18 %
(200,000)	Infineon Technologies	(3,149)	64	0.03
156,013	Mutares	1,259	(61)	(0.03)
52,908	Norma	2,237	105	0.06
(70,000)	Orpea	(6,750)	(432)	(0.22)
(233,203)	Prosieben	(4,233)	117	0.06
(835)	RCS Media	(1)	–	–
(587,443)	Solocal	(372)	94	0.05
(100,000)	Ströer	(4,090)	(109)	(0.06)
260,000	Takkt	3,449	525	0.27
1,309,982	Tomorrow Focus	3,473	(50)	(0.02)
45,166	Vossloh	1,632	(8)	–
(85,000)	Wirecard	(12,478)	271	0.14
31,429	Ymagis	77	(23)	(0.01)
14,835	Zooplus	1,923	122	0.06
		(18,153)	292	0.15
MERRILL LYNCH SWAP BASKET GBP				
– (1.02)% (30.04.18 – (2.15)%)				
(80,000)	Accesso Technology	(1,600)	489	0.25
2,138,765	AO World	2,836	(177)	(0.09)
2,792,768	Arrow	5,340	(377)	(0.20)
(118,995)	ASOS	(6,492)	(572)	(0.30)
(150,000)	Avon Rubber	(1,800)	46	0.02
(1,973,470)	BCA	(3,977)	(226)	(0.12)
(296,879)	Big Yellow	(2,561)	(29)	(0.01)
(2,822,924)	Boohoo	(6,010)	(4)	–
(237,322)	Burford Capital	(3,935)	(165)	(0.09)
91,245	Charter Court Financial Services	265	(6)	–
(1,188,152)	Cineworld	(3,493)	13	0.01
2,250,000	Circassia Pharmaceuticals	1,197	(537)	(0.28)
(125,000)	Diageo	(3,386)	(203)	(0.11)
288,900	Dialight	1,127	(56)	(0.03)
360,000	Dunelm	2,146	28	0.01
(1,676,662)	Enquest	(457)	67	0.04

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 October 2018

Holding	Portfolio of Investments	Notional Value £'000	Market Value £'000	31.10.18 %
500,000	Epwin	411	25	0.01
(82,223)	Fevertree	(2,283)	61	0.03
3,000,000	Findel	7,350	(578)	(0.30)
(5,165)	First Derivatives	(160)	5	–
(400,000)	Flowtech Fluidpower	(442)	(12)	(0.01)
10,072,971	Gulf Marine Services	4,029	(367)	(0.19)
(251,858)	Hargreaves Lansdown	(4,705)	(207)	(0.11)
(1,000,000)	Hurricane Energy	(459)	68	0.04
(250,000)	Imperial Brands	(6,631)	(178)	(0.09)
(1,825,000)	IntegraFin	(4,928)	809	0.42
(1,299,734)	International Consolidated	(7,843)	(265)	(0.14)
2,617,570	International Personal Finance	4,657	(953)	(0.49)
(150,000)	Johnson Matthey	(4,458)	186	0.10
4,048,000	JRP	3,591	257	0.13
(212,635)	Keywords Studios	(2,909)	90	0.05
(198,145)	Metro Bank	(4,407)	925	0.48
(150,000)	NMC Health	(5,298)	(671)	(0.35)
(424,174)	On the Beach	(1,815)	9	–
103,500	Paypoint	819	(67)	(0.03)
(6,001,091)	Pendragon	(1,614)	(5)	–
515,743	Pressure Technologies	542	(19)	(0.01)
336,691	Provident Financial	1,717	(121)	(0.06)
(352,311)	PureCircle	(1,163)	(28)	(0.01)
(1,000,000)	Rentokil Initial	(3,161)	(53)	(0.03)
(474,154)	Scapa	(1,936)	(196)	(0.10)
129,735	Secure Trust Bank	1,881	(27)	(0.01)
(3,500,000)	Sirius	(805)	74	0.04
(1,259,783)	Sophos	(5,515)	234	0.12
(523,606)	St. James's Place	(5,307)	135	0.07
425,332	Staffline	5,010	(30)	(0.02)
(705,475)	Telit Communication	(1,115)	10	0.01
3,752,664	Ten Entertainment	8,406	(229)	(0.12)
(500,000)	UDG Healthcare	(3,160)	(51)	(0.03)

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 October 2018

Holding	Portfolio of Investments	Notional Value £'000	Market Value £'000	31.10.18 %
(350,000)	Victoria	(1,323)	1,037	0.54
1,270,553	Volution	2,198	(187)	(0.10)
(145,483)	YouGov	(567)	73	0.04
		<u>(52,193)</u>	<u>(1,955)</u>	<u>(1.02)</u>
	MERRILL LYNCH SWAP BASKET JPY – (0.25)% (30.04.18 – 0.04%)			
(28,000)	SMC	<u>(7,014)</u>	<u>(482)</u>	<u>(0.25)</u>
	MERRILL LYNCH SWAP BASKET NOK – 0.05% (30.04.18 – 0.01%)			
39,346	DOF ASA	23	(3)	–
1,000,000	Europris	<u>2,081</u>	<u>101</u>	<u>0.05</u>
		<u>2,104</u>	<u>98</u>	<u>0.05</u>
	MERRILL LYNCH SWAP BASKET SEK – (0.33)% (30.04.18 – 0.31%)			
(100,000)	ICA Gruppen AB	(2,756)	(365)	(0.19)
418,733	MIPS	3,263	(93)	(0.05)
533,385	RaySearch Laboratories	<u>5,257</u>	<u>(169)</u>	<u>(0.09)</u>
		<u>5,764</u>	<u>(627)</u>	<u>(0.33)</u>
	MERRILL LYNCH SWAP BASKET USD – 1.72% (30.04.18 – (0.83)%)			
(225,352)	Advanced Micro	(3,210)	1,426	0.74
(26,300)	Align Technology	(4,553)	1,896	0.98
(62,200)	American Tower	(7,583)	(569)	(0.29)
(69,937)	Burlington Stores	(9,386)	(725)	(0.38)
(28,236)	Concho Resources	(3,073)	269	0.14
(168,000)	EXACT Sciences	(9,342)	(895)	(0.46)
(17,000)	Facebook	(2,020)	25	0.01
(54,000)	GW Pharmaceuticals ADRs	(5,802)	258	0.13
(34,300)	Idexx	(5,691)	63	0.03
(24,653)	Neogen	<u>(1,171)</u>	<u>80</u>	<u>0.04</u>

**CITY FINANCIAL ABSOLUTE EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 October 2018

Holding	Portfolio of Investments	Notional Value £'000	Market Value £'000	31.10.18 %
(84,228)	Neurocrine	(7,063)	142	0.07
986,260	Nordic American	1,991	244	0.13
(19,125)	Penumbra	(2,034)	6	–
(36,140)	Pioneer Natural Resource	(4,165)	741	0.39
(450,314)	Pretium Resources	(2,819)	179	0.09
(30,000)	ServiceNow	(4,250)	(27)	(0.01)
(43,777)	Shopify	(4,731)	(77)	(0.04)
(352,082)	Sirius	(1,656)	38	0.02
(10,000)	Tesla	(2,640)	(606)	(0.31)
(15,300)	Transdigm	(3,954)	(29)	(0.02)
(101,079)	TriNet	(3,715)	165	0.09
(35,200)	Ultimate Software Inc	(7,345)	695	0.36
(54,100)	Universal Display Corporation	(5,208)	(311)	(0.16)
(39,268)	Wayfair	(3,392)	332	0.17
(37,607)	Wix.com	(2,863)	3	–
		(105,675)	3,323	1.72
	TOTAL SWAPS	(199,829)	729	0.37
	Portfolio of investments <sup>4</sup>		130,522	67.77
	Net other assets		62,063	32.23
	Net assets		192,585	100.00

The investments are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Unlisted security.

<sup>2</sup> Delisted.

<sup>3</sup> Suspended security.

<sup>4</sup> Includes investment liabilities.

*Definition:*

ADRs – American Depositary Receipts.



## CITY FINANCIAL ABSOLUTE EQUITY FUND

### ACD'S REPORT *continued*

### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the half year ended 31 October 2018

Total purchases for the half year £'000	20,879	Total sales for the half year £'000	72,698
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
KR Energy	8,356	Randall & Quilter Investment	9,524
The Works	2,031	RockRose Energy	5,287
Providence Resources	1,441	Flowtech Fluidpower	5,013
Xpediator	1,193	Warehouse Reit	4,584
Malvern International	1,000	Ateme	2,915
Manutan International	799	Vectron Systems	2,689
Moxico Resources	750	Jadestone Energy	2,390
Cradle Arc	535	Palace Capital	2,263
AfriTin Mining	500	The Works	2,224
Maestrano	500	Somero Enterprises	1,874

The summary of material portfolio changes represents the 10 largest purchases and sales during the half year.

## CITY FINANCIAL ABSOLUTE EQUITY FUND

### INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### STATEMENT OF TOTAL RETURN

for the half year ended 31 October 2018

	£'000	31.10.18 £'000	£'000	31.10.17 £'000
Income:				
Net capital (losses)/gains		(61,721)		11,805
Revenue	3,984		4,400	
Expenses	(1,024)		(3,719)	
Interest payable and similar charges	(2,470)		(3,675)	
Net revenue/(expense) before taxation	490		(2,994)	
Taxation	(20)		(65)	
Net revenue/(expense) after taxation		470		(3,059)
<b>Total return before distributions</b>		(61,251)		8,746
Distributions		—		—
<b>Change in net assets attributable to shareholders from investment activities</b>		(61,251)		8,746

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the half year ended 31 October 2018

	£'000	31.10.18 £'000	£'000	31.10.17 £'000
<b>Opening net assets attributable to shareholders</b>		270,864		253,263
Amounts receivable on issue of shares	26,660		24,754	
Amounts payable on redemption of shares	(43,688)		(46,107)	
		(17,028)		(21,353)
Change in net assets attributable to shareholders from investment activities		(61,251)		8,746
<b>Closing net assets attributable to shareholders</b>		192,585		240,656

The above statement shows the comparative closing net assets at 31 October 2017 whereas the current accounting period commenced 1 May 2018.

**CITY FINANCIAL ABSOLUTE EQUITY FUND**  
**INTERIM FINANCIAL STATEMENTS (UNAUDITED)** *continued*  
**BALANCE SHEET**  
as at 31 October 2018

	31.10.18 £'000	30.04.18 £'000
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments	143,632	225,998
<b>Current assets</b>		
Debtors	68,629	62,157
Cash and bank balances	48,029	24,501
<b>Non-current assets</b>		
Debtors	1,845	1,712
<b>Total assets</b>	<u>262,135</u>	<u>314,368</u>
<b>LIABILITIES</b>		
Investment liabilities	(13,110)	(20,405)
<b>Creditors</b>		
Other creditors	(56,440)	(23,099)
<b>Total liabilities</b>	<u>(69,550)</u>	<u>(43,504)</u>
<b>Net assets attributable to shareholders</b>	<u>192,585</u>	<u>270,864</u>

**CITY FINANCIAL ABSOLUTE EQUITY FUND**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS** *continued*  
for the half year ended 31 October 2018

**1. Accounting Policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2018 and are described in those annual financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Association in May 2014, as amended.

## GENERAL INFORMATION

### Structure of the Company

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority and the agreement of the Depositary. On the introduction of any new sub-fund or class, a revised Prospectus will be prepared setting out the relevant details of each sub-fund or class.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. The sub-fund which is currently available is:

City Financial Absolute Equity Fund

In the future there may be other sub-funds of the Company.

### Classes of Shares

The Company can issue different classes of shares in respect of any sub-fund.

Holders of Income shares are entitled to be paid the income attributable to such shares, in respect of each annual or interim accounting period.

Holders of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

### Valuation Point

The valuation point is 7.00am London time for the City Financial Absolute Equity Fund on each Dealing Day with the exception of Christmas Eve and New Year's Eve or a Bank Holiday in England and Wales, or the last business day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary.

### Buying and Selling Shares

The Administrator will accept orders to deal in the shares on normal business days between 8.30am and 5.30pm (London time). Instructions to buy or sell shares may be either in writing to: PO Box 391, Darlington DL1 9UH or by telephone on +44 345 300 2107.

### Prices

The prices of all shares are published on the following website [www.fundlistings.com](http://www.fundlistings.com). Prices of shares may also be obtained by calling +44 345 300 2107 during the ACD's normal business hours.

## **GENERAL INFORMATION** *continued*

### **Other Information**

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office of the Company.

Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

### **Data Protection Act**

Shareholders' names will be added to a mailing list which may be used by the ACD, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the ACD requesting their removal from any such mailing list.



For more information on any City Financial funds  
please contact us using the following details:

PO Box 391  
Darlington DL1 9UH

+44 345 300 2107  
administration@cityfinancial.co.uk  
cityfinancial.co.uk

*Registered Office:*  
62 Queen Street  
London EC4R 1EB

*Authorised and regulated by the  
Financial Conduct Authority No. 189302*