

# Maitland

MI Hawksmoor Open-Ended Investment Company

Interim Report 30 April 2018

# MI Hawksmoor Open-Ended Investment Company

## Contents

## Page

Directory .....	1
Basis of Accounting .....	2
Certification of Accounts by the Authorised Corporate Director .....	2
<b>MI Hawksmoor Open-Ended Investment Company - The Vanbrugh Fund</b>	
Investment Objective and Policy .....	3
Investment Manager's report .....	3
Portfolio Statement .....	7
Comparative Tables .....	9
Statement of Total Return .....	15
Statement of Change in Net Assets Attributable to Shareholders .....	15
Balance Sheet .....	16
Distribution Tables .....	17
<b>MI Hawksmoor Open-Ended Investment Company - The Distribution Fund</b>	
Investment Objective and Policy .....	18
Investment Manager's report .....	18
Portfolio Statement .....	21
Comparative Tables .....	23
Statement of Total Return .....	28
Statement of Change in Net Assets Attributable to Shareholders .....	28
Balance Sheet .....	29
Distribution Tables .....	30
General Information .....	31

## Directory

### Authorised Corporate Director (ACD) & Registrar

Maitland Institutional Services Ltd  
Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW  
Telephone: 01245 398950  
Fax: 01245 398951  
Website: [www.maitlandgroup.com](http://www.maitlandgroup.com)  
(Authorised and regulated by the Financial Conduct Authority)

### Customer Service Centre

Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW  
Telephone: 0345 026 4283  
Fax: 0845 280 2425  
E-mail: [Hawksmoor@maitlandgroup.co.uk](mailto:Hawksmoor@maitlandgroup.co.uk)  
(Authorised and regulated by the Financial Conduct Authority)

### Directors of the Authorised Corporate Director

R.A. Ackermann  
J. Clark (appointed 21 December 2017)  
P.J. Foley-Brickley  
S. Georgala  
D. Jones  
G. Kok (appointed 30 November 2017)  
R.W. Leedham (retired 19 December 2017)

### Investment Manager

Hawksmoor Investment Management Limited  
17 Dix's Field, Exeter EX1 1QA  
(Authorised and regulated by the Financial Conduct Authority)

### Fund Managers

Ben Conway  
Daniel Lockyer  
Richard Scott

### Depositary

Northern Trust Global Services Plc  
50 Bank Street, Canary Wharf, London E14 5NT  
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

### Independent Auditor

KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square, Canary Wharf, London E14 5GL

## Basis of Accounting

The interim financial statements have been prepared under the historical cost basis, as modified by revaluation of investments and in accordance with FRS102 and the Statement of Recommended Practice (SORP) for the Financial Statements of Authorised Funds issued by the Investment Association (IA) in May 2014.

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 October 2017.

The financial statements have been prepared on the going concern basis.

## Certification of Accounts by the Authorised Corporate Director

This report has been prepared in accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes Sourcebook and the Statement of Recommended Practice issued by the IA.

**R.A. Ackermann**

**D. Jones**

Directors

Maitland Institutional Services Ltd

25 June 2018

## Investment Objective and Policy

### Investment objective

The investment objective of the Sub-fund is to provide capital growth and income.

### Investment policy

The Sub-fund's portfolio will consist primarily of a diversified range of open and closed ended funds, although significant exposure to other investments such as fixed interest securities are expected to be included in the portfolio from time to time. The portfolio will be actively managed, with the Investment Manager seeking to take advantage of inefficiencies in the pricing of closed ended funds and significant movements in financial markets.

Through its investments, the portfolio will be exposed to a range of asset classes, underlying currencies, geographic spread and holding funds managed by a variety of fund management groups and style of investment manager.

The Company permits the use of derivatives for investment purposes by the Sub-fund; however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Sub-fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.

## Investment Manager's Report

for the period ended 30 April 2018

### Performance Review and Income Distribution

The Vanbrugh Fund generated a small positive return in the six-month period to 30th April 2018, continuing its good performance track record since the launch of the Sub-fund in February 2009. The Sub-fund achieved a total return of +0.2%, compared to a loss of -0.2% for the average performance of its peer group of funds in the IA Mixed Investment 20-60% Shares Sector. The Sub-fund's continued strong performance can largely be attributed to our continued endeavour to generate good risk-adjusted returns by focusing on attractive investments that are less dependent on market direction, given the diminishing value offered by most investments relative to their risks. Analysis of the Sub-fund's past six months reveals the outperformance was generated by better protecting capital during weaker markets in February and March. Pleasingly, the Sub-fund kept pace with its sector during the sharply rising market experienced during December and early January, though did lag the sector during the market rally in April, diminishing the total outperformance achieved over the period. This placed the Sub-fund in the second quartile of its peer group for the period under review. Meanwhile the long-term performance record remains excellent in absolute and relative terms. Since launch on 18 February 2009 to 30 April 2018, The Vanbrugh Fund has achieved a total return of 156.0% compared with a return of 87.1% for the IA Mixed Investment 20-60% Shares Sector and is ranked 4th out of 72 funds in the IA Sector. The continued consistency and quality of the Sub-fund's performance over the past nine years has resulted in the Sub-fund being awarded an 'A' rating by multi-manager research specialist Scopic Research. The Sub-fund has also been rated a '5 Diamond' Multi-Manager Return Focused Rating by Defaqto, which is their highest rating. In addition, Hawksmoor Fund Managers received the Boutique Management Group of the Year (Multiple Strategies) award by Investment Week in October 2017. We are keen to stress that recognition in the form of ratings and awards is not the end of a journey, but rather a solid base from which to further build on.

For the six-month period to 30 April 2018, Vanbrugh generated income of 0.7111 pence per B Income share (pps), going ex-dividend on 1 May with the income paid to income shareholders at the end of June 2018. This distribution together with the last dividend (1.0495 pps) amounts to an annualised yield of 1.28% (based on price at 2 May 2017). We remind investors that we are focused on maximising The Vanbrugh Fund's total return over the long-term with attention to the ever-evolving risks in the investment environment. In pursuing this strategy, the level of income will vary with an expectation that looking ahead over the next twelve months the Sub-fund's yield paid out to investors should be at least 1% of the price as at 1 May 2018. However, The MI Hawksmoor Distribution Fund is available for investors wanting a higher income strategy and who are prepared to accept a slightly greater level of risk with their investment, while continuing to access a similar investment philosophy.

*Source: Financial Express Analytics. All figures refer to the B Accumulation share class unless otherwise stated.*

## Investment Manager's Report

continued

### Market Review

The six months under review were characterised by the return of higher levels of volatility to financial markets after an extended benign period that had seen global asset prices steadily rise, supported by accommodative central bank monetary policy. Indeed, the leading index measuring the performance of US companies, the S&P 500, rose for fifteen consecutive months to January 2018, driven by the so called FAANG basket of stocks (consisting of Facebook, Apple, Amazon, Netflix and Google (now Alphabet)). Large inflows into passive investment vehicles, which are forced buyers of companies regardless of fundamentals when they receive inflows, also helped drive markets upward. It is important to be cognisant that these vehicles are also forced sellers when investors take their money out, which can compound market falls during periods of stress when some investors look to move their assets into perceived safer havens. The serene period was sharply brought to an end in February. Financial markets experienced steep declines as strong wage data out of the US increased inflationary fears and implied the need for a more aggressive rate rising cycle. Market falls were somewhat unusual in that traditional portfolio diversifiers like government bonds and gold did not offer the protection and diversification benefits that investors have become accustomed to under such conditions. Indeed, it was the first decline since the Great Financial Crises in which all major asset classes lost value, and only the third time on record that such a feat has occurred. The falls experienced were exacerbated by the impact of derivatives and exchange traded funds and notes (ETFs and ETNs) that were linked to volatility. These short volatility products were positioned to benefit from further declines in the VIX volatility index (a measure of implied volatility in the S&P 500 index over the next 30 days), which was at all time low levels, and in many cases lost all of their value as volatility jumped to multi-year highs. This value destruction served to highlight a vulnerability underlying markets that was perhaps previously underappreciated.

The impact of politics on markets continued to ebb and flow as Brexit negotiations continued, President Trump threatened and then implemented trade tariffs against China and worries surrounding nuclear missile testing by North Korea continued. However, the end of the period saw diminishing tensions with North Korea, as the country's President Kim Jong Un set foot on South Korean soil for the first time, and subsequently promised to end his country's nuclear weapon ambitions.

During the period under review, the best performing asset class in local currency terms was local currency emerging market debt, rising +5.2% (JPM GBI-EM Global Div Composite) as the asset class benefited from a weakening dollar. On the flip side, the worst performing was hard currency emerging market debt (ICE BofAML US Emerging Markets External Sovereign, -3.0%), where the weakening dollar acted as a headwind. Despite the volatility and sharp moves experienced, over the whole period most equity markets produced positive returns thanks to a sharp rally during April that offset the February and March declines. Of the major regions, only European equities declined in value (MSCI Europe ex UK -1.4%). Meanwhile, most bond markets delivered modestly negative returns, with inflation-linked bonds down -1.2% (Bloomberg Barclays Global Inflation-Linked), convertible bonds down -1.0% (Thomson Reuters Convertible Global Focus) and high yield bonds down -0.1% (Bloomberg Barclays Global High Yield) in local currency terms.

*Source: Financial Express Analytics, Local Currency*

### Portfolio Review

Portfolio activity over the period focused on identifying areas where we could find a margin of safety, and which might be lowly correlated to falls in the prices of risk assets. As described above, whilst financial markets spent the first half of the period under review continuing their serene progress, this changed in February and March with the first significant equity market declines in over two years. Pleasingly, Vanbrugh outperformed its peers during these weaker periods.

In November, we sold our position in Barings European High Yield Bond Fund after a strong run in European high yield bond prices saw the additional yield offered versus government bonds narrow, diminishing the margin of safety. In its place, we introduced Muzinich Asia Credit Opportunities. Muzinich offers hard currency exposure (bonds denominated in developed market currencies such as the US dollar) to investment grade Asian corporate bonds with an attractive risk reward payoff. Baring Global Resources was sold to reduce the risk profile of the Sub-fund. India Capital Growth was trimmed and then sold after an exceptionally strong run saw valuations in India become increasingly stretched, with better risk reward opportunities identified elsewhere.

After conducting extensive research on managed futures and gaining comfort in the ability of the asset class to provide helpful diversification benefits during a sustained bear market when most assets would be falling in value, we introduced small positions in Garraway Financial Trends and Natixis ASG Managed Futures. The reasons for introducing managed futures was

## Investment Manager's Report

continued

the subject of our Q4 2017 Quarterly Report article, which is available on our website and upon request. As concern rose in February that market falls would be sustained, we reduced our holding in Artemis Global Select and increased our positions in both managed future funds. As volatility in markets returned, we also increased our holding in Old Mutual Gold & Silver as there continued to be a wide disparity between the price of gold and the share price performance of gold mining companies. A rising gold price should be a significant tailwind to these companies, but poor investor sentiment has prevented stronger share price action in recent times.

A significant amount of our activity centred on the investment trust space as a turn in investor sentiment following the return of volatility to financial markets presented a number of attractive opportunities to top up some of our existing holdings. GCP Infrastructure had a weak period which saw its premium to net asset value (NAV) contract to just 4%, having traded on a 15%+ premium for much of the past 2 years. We took the opportunity to add to our holding post the fall in the share price. GCP Asset Backed Income also derated and we topped up our position at a small discount to NAV. We took part in a small capital raise by ICG Longbow Senior Secured UK Property Debt to help fund an attractive pipeline of investment opportunities that the managers have identified. We also took part in a C share placing by RM Secured Direct Lending as our conviction in the trust continued to grow. In the property space, we added to LXI REIT before its dividend payment in March, supported the secondary placing of shares in PRS REIT, and topped up our holding in Warehouse REIT. Finally, we said a fond farewell to Taliesin Property, with the fund taken over at a healthy 10% premium to the prevailing market price at the time of the bid by Blackstone Group.

We sold the private equity fund Pantheon International in March, and exited our position in Woodford Patient Capital in April. Following these disposals, we added two new holdings to Vanbrugh's portfolio. We took part in the initial public offering (IPO) of Odyssean Investment Trust, which invests in UK small companies using a private equity mindset and is managed by Stuart Widdowson, who has an extensive and excellent track record in this space. We also introduced Oakley Capital Investment Trust to Vanbrugh. This is a private equity trust that, at purchase, traded on a 27% discount to NAV, with a continuation vote in 2020 potentially allowing investors to get their money back at NAV and a management team that is finally addressing corporate governance concerns, thereby offering a considerable margin of safety.

### Investment Outlook

Despite the higher levels of volatility experienced in markets during the period under review, equity markets remain highly valued by most measures, government bond yields remain close to all-time lows across much of the developed world, and political uncertainty continues to weigh heavy. Over the next few years, central bank involvement in markets looks likely to continue to be reduced. In the US, the Federal Reserve Bank is in the midst of an interest rate rising cycle and is looking to reduce the size of its balance sheet. In the UK, the Monetary Policy Committee has raised rates for the first time in a decade with the suggestion that more rate rises are likely. Whilst in Europe, the European Central Bank (ECB) has cut its bond purchasing programme in half. However, monetary support remains and will take a long time to be unwound. Mario Draghi, President of the ECB, has stated that he will continue to support markets. Whilst in Japan, stimulus shows no signs of abating with current Governor of the Bank of Japan, Haruhiko Kuroda, committed to keeping the 10 year Japanese government bond yield at 0%.

Whether the return of higher levels of volatility will be sustained is impossible to predict, and prediction has never been a part of our process. We continue to focus our efforts on finding pockets of value in an expensive marketplace, seeking to ensure that our Sub-fund is well diversified. We have continued to reduce the exposure of the Sub-fund to the general direction of markets with a correspondingly higher allocation to holdings designed to generate positive long-term returns independently of markets. We continue to find opportunities in niche, more idiosyncratic areas of the market that we hope will continue to deliver positive returns to our investors over the long term. However, the Vanbrugh Fund is not an absolute return fund and will always be fully invested. Since the Great Financial Crisis, investors in financial markets have been spoiled by rock-bottom interest rates, extraordinary central bank involvement and the absence of recessions in markets, which has resulted in high returns that are not sustainable over the long term. Looking ahead, investment success will require being realistic, with returns likely to be lower than those experienced in recent times.

## Investment Manager's Report

continued

More information about The Vanbrugh Fund can be found on the Hawksmoor website [www.hawksmoorfm.co.uk](http://www.hawksmoorfm.co.uk) including monthly factsheets which give more details of the investments in the portfolio and how they have changed over the period covered by this report. You will also find a link to our latest quarterly report. If you would like to receive any of these documents on a regular basis and are not already doing so, please send an email to [vanbrugh@hawksmoorim.co.uk](mailto:vanbrugh@hawksmoorim.co.uk) and we will be pleased to add your email address to the distribution list.

We thank you for your support and interest in the Fund.

Daniel Lockyer, Richard Scott, Ben Conway  
Hawksmoor Investment Management Ltd  
25 June 2018



# MI Hawksmoor Open-Ended Investment Company - The Vanbrugh Fund

## Portfolio Statement

as at 30 April 2018

Holding	Security	Market value £	% of total net assets 2018
<b>Absolute Return 14.25% (13.15%)</b>			
1,700,000	Artemis Pan-European Absolute Return - I Accumulation*	2,094,740	1.58
100,000	BH Global	1,375,000	1.03
2,500,000	Janus Henderson UK Absolute Return - I Accumulation*	4,167,500	3.13
11,500,000	Jupiter Absolute Return - I Accumulation*	6,491,750	4.88
2,750,000	Old Mutual Global Equity Absolute Return - R GBP Hedged Accumulation*	4,821,850	3.63
		<b>18,950,840</b>	<b>14.25</b>
<b>Alternatives 5.26% (4.15%)</b>			
450,000	Polar Capital Global Convertible - I GBP Distribution*	3,582,000	2.69
4,500	RWC Global Convertibles - B GBP Income*	3,409,569	2.57
		<b>6,991,569</b>	<b>5.26</b>
<b>Biotechnology 1.28% (1.31%)</b>			
100,000	Polar Capital Biotechnology - I GBP Income*	1,697,000	1.28
<b>Commodity 5.32% (6.13%)</b>			
1,600,000	LF Ruffer Gold - I Accumulation*	2,525,440	1.90
350,000	Old Mutual Gold & Silver - U1 GBP Accumulation*	4,555,880	3.42
		<b>7,081,320</b>	<b>5.32</b>
<b>Emerging Market Equity 0.99% (1.13%)</b>			
1,250,000	Jupiter Emerging & Frontier Income Trust	1,312,500	0.99
<b>Far East Equity 2.68% (3.98%)</b>			
100,000	Guinness Asian Equity Income - Z GBP Distribution*	1,589,710	1.19
930,000	Hermes Asia Ex Japan Equity - F GBP Income*	1,980,621	1.49
		<b>3,570,331</b>	<b>2.68</b>
<b>Fixed Interest 30.32% (29.38%)</b>			
33,000	Ashmore Emerging Markets Total Return - I GBP Income*	3,205,950	2.41
20,000	Ashmore Emerging Short Duration (GBP Hedged) - Z Income*	1,999,200	1.50
2,400,000	GCP Asset Backed Income	2,508,000	1.88
2,400,000	GCP Infrastructure Investments	2,908,800	2.19
2,200,000	ICG-Longbow Senior Secured UK Property Debt Investments	2,266,000	1.70
3,250,000	M&G Global Macro Bond - I GBP Income*	4,043,000	3.04
3,500,000	M&G UK Inflation Linked Corporate Bond - I GBP Income*	4,103,050	3.08
33,000	MI TwentyFour Investment Funds - Monument Bond - I Income*	3,730,482	2.80
30,000	Muzinich Asia Credit Opportunities - Hedged GBP Income Founder*	2,934,600	2.21
1,450,000	RM Secured Direct Lending	1,450,000	1.09
450,000	RM Secured Direct Lending - C	450,000	0.34
6,500,000	Royal London Short Duration Global High Yield Bond - Z Income*	5,822,700	4.38
3,400,000	Schroder Strategic Credit - L Income*	3,298,340	2.48
1,325,000	TwentyFour Income	1,616,500	1.22
		<b>40,336,622</b>	<b>30.32</b>
<b>Global Equity 5.81% (6.05%)</b>			
2,800,000	Artemis Global Select - I Accumulation*	3,056,200	2.30
1,000,000	Polar Capital Insurance - I GBP Income*	4,669,800	3.51
		<b>7,726,000</b>	<b>5.81</b>

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2018
<b>Japanese Equity 4.99% (4.60%)</b>			
2,650,000	Baillie Gifford Japanese Income Growth - B Income*	3,596,050	2.71
3,150,000	Jupiter Japan Income - I Income*	3,036,915	2.28
		<b>6,632,965</b>	<b>4.99</b>
<b>Multi Asset 2.84% (1.38%)</b>			
900	Garraway Financial Trends - A GBP Hedged Accumulation*	907,920	0.68
664,003	Henderson Alternative Strategies Trust	1,845,928	1.39
10,000	Natixis ASG Managed Futures*	1,026,200	0.77
		<b>3,780,048</b>	<b>2.84</b>
<b>Private Equity 4.54% (4.69%)</b>			
100,000	HgCapital Trust	1,905,000	1.43
325,000	ICG Enterprise Trust	2,769,000	2.08
800,000	Oakley Capital Investments**	1,368,000	1.03
		<b>6,042,000</b>	<b>4.54</b>
<b>Property 11.21% (11.10%)</b>			
1,800,000	AEW UK Long Lease REIT	1,699,200	1.28
1,790,000	Impact Healthcare REIT	1,843,700	1.39
2,000,000	LXi REIT	2,050,000	1.54
1,190,000	Phoenix Spree Deutschland	4,236,400	3.18
3,000,000	PRS REIT	3,030,000	2.28
2,050,000	Warehouse REIT**	2,050,000	1.54
		<b>14,909,300</b>	<b>11.21</b>
<b>United Kingdom Equity 7.41% (7.88%)</b>			
575,000	Downing Strategic Micro-Cap Investment Trust	519,800	0.39
1,800,000	Man GLG Undervalued Assets - D Income*	2,768,400	2.08
850,000	MI Downing UK Micro Cap Growth - B Accumulation*	1,768,339	1.33
1,300,000	Odyssean Investment Trust	1,300,000	0.98
230,000	Polar Capital UK Value Opportunities GBP - Income*	2,760,000	2.07
65,000	TB Amati UK Smaller Companies - B Accumulation*	739,193	0.56
		<b>9,855,732</b>	<b>7.41</b>
<b>Investment assets</b>		<b>128,886,227</b>	<b>96.90</b>
<b>Net other assets</b>		<b>4,128,490</b>	<b>3.10</b>
<b>Net assets</b>		<b>133,014,717</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 31.10.17.

\*Collective Investment Schemes permitted under COLL, not listed on any exchange.

\*\*Quoted on the Alternative Investment Market.

Total purchases for the period: £26,055,192

Total sales for the period: £13,740,868

## Comparative Tables

### Change in net assets per share

	A Income GBP			
	30.04.18 p	31.10.17 p	31.10.16 p	31.10.15 p
<b>Opening net asset value per share</b>	218.18	204.10	183.63	180.39
Return before operating charges <sup>^</sup>	6.95	21.74	28.17	10.60
Operating charges	-6.45	-4.94	-4.60	-4.64
Return after operating charges <sup>^</sup>	0.50	16.80	23.57	5.96
Distributions	-0.81	-2.72	-3.10	2.72
<b>Closing net asset value per share</b>	<b>217.87</b>	<b>218.18</b>	<b>204.10</b>	<b>183.63</b>
<sup>^</sup> After direct transaction costs of	-0.04	-0.17	-0.17	-0.13
<b>Performance</b>				
Return after charges	0.23%	8.23%	12.84%	3.31%
<b>Other information</b>				
Closing net asset value	£154,458	£192,946	£257,400	£5,822,085
Closing number of shares	70,895	88,433	126,137	3,170,534
Operating charges	2.95%	2.33%	2.42%	2.50%
Ongoing operating charges*	2.67%	2.31%	2.36%	2.50%
Direct transaction costs	0.02%	0.08%	0.09%	0.07%
<b>Prices</b>				
Highest share price	223.00	220.33	206.85	191.93
Lowest share price	214.85	201.49	176.34	179.32

	A Accumulation GBP			
	30.04.18 p	31.10.17 p	31.10.16 p	31.10.15 p
<b>Opening net asset value per share</b>	151.70	140.07	123.91	119.94
Return before operating charges <sup>^</sup>	4.83	15.03	19.28	7.06
Operating charges	-4.48	-3.40	-3.12	-3.09
Return after operating charges <sup>^</sup>	0.35	11.63	16.16	3.97
Distributions	-0.56	-1.87	-2.23	-1.82
Retained distributions on accumulation shares	0.56	1.87	2.23	1.82
<b>Closing net asset value per share</b>	<b>152.05</b>	<b>151.70</b>	<b>140.07</b>	<b>123.91</b>
<sup>^</sup> After direct transaction costs of	-0.03	-0.12	-0.12	-0.09
<b>Performance</b>				
Return after charges	0.23%	8.30%	13.04%	3.31%
<b>Other information</b>				
Closing net asset value	£174,850	£181,873	£354,152	£571,239
Closing number of shares	114,992	119,889	252,834	460,997
Operating charges	2.95%	2.33%	2.42%	2.50%
Ongoing operating charges*	2.67%	2.31%	2.36%	2.50%
Direct transaction costs	0.02%	0.08%	0.09%	0.07%
<b>Prices</b>				
Highest share price	155.06	152.26	140.67	127.64
Lowest share price	149.39	138.38	119.20	119.69

**Comparative Tables**

continued

**Change in net assets per share**

	<b>B Income GBP</b>			
	<b>30.04.18</b> p	<b>31.10.17</b> p	<b>31.10.16</b> p	<b>31.10.15</b> p
<b>Opening net asset value per share</b>	142.69	133.11	119.41	117.00
Return before operating charges <sup>^</sup>	4.19	14.23	18.49	6.91
Operating charges	-3.51	-2.53	-2.38	-2.41
Return after operating charges <sup>^</sup>	0.68	11.70	16.11	4.50
Distributions	-0.71	-2.12	-2.41	-2.09
<b>Closing net asset value per share</b>	<b>142.66</b>	<b>142.69</b>	<b>133.11</b>	<b>119.41</b>
<sup>^</sup> After direct transaction costs of	-0.03	-0.11	-0.11	-0.08
<b>Performance</b>				
Return after charges	0.48%	8.79%	13.49%	3.84%
<b>Other information</b>				
Closing net asset value	£6,139,220	£6,905,567	£6,801,690	£2,652,577
Closing number of shares	4,303,517	4,839,699	5,109,965	2,221,455
Operating charges	2.45%	1.83%	1.92%	2.00%
Ongoing operating charges*	2.17%	1.81%	1.86%	2.00%
Direct transaction costs	0.02%	0.08%	0.09%	0.07%
<b>Prices</b>				
Highest share price	145.98	144.25	134.85	124.75
Lowest share price	140.79	131.51	115.03	116.62

	<b>B Accumulation GBP</b>			
	<b>30.04.18</b> p	<b>31.10.17</b> p	<b>31.10.16</b> p	<b>31.10.15</b> p
<b>Opening net asset value per share</b>	156.91	144.18	126.91	122.26
Return before operating charges <sup>^</sup>	4.61	15.49	19.81	7.18
Operating charges	-3.86	-2.76	-2.54	-2.53
Return after operating charges <sup>^</sup>	0.75	12.73	17.27	4.65
Distributions	-0.78	-2.30	-2.59	-2.23
Retained distributions on accumulation shares	0.78	2.30	2.59	2.23
<b>Closing net asset value per share</b>	<b>157.66</b>	<b>156.91</b>	<b>144.18</b>	<b>126.91</b>
<sup>^</sup> After direct transaction costs of	-0.03	-0.12	-0.12	-0.09
<b>Performance</b>				
Return after charges	0.48%	8.83%	13.61%	3.80%
<b>Other information</b>				
Closing net asset value	£5,945,054	£5,060,031	£4,374,928	£4,152,145
Closing number of shares	3,770,805	3,224,831	3,034,389	3,271,771
Operating charges	2.45%	1.83%	1.92%	2.00%
Ongoing operating charges*	2.17%	1.81%	1.86%	2.00%
Direct transaction costs	0.02%	0.08%	0.09%	0.07%
<b>Prices</b>				
Highest share price	160.53	157.47	144.78	130.37
Lowest share price	154.82	142.50	122.28	122.06

## Comparative Tables

continued

### Change in net assets per share

	B Accumulation EUR			
	30.04.18 €c	31.10.17 €c	31.10.16 €c	31.10.15 €c
<b>Opening net asset value per share</b>	132.95	119.08	131.25	115.19
Return before operating charges <sup>^</sup>	3.73	15.89	-10.11	18.28
Operating charges	-2.92	-2.02	-2.06	-2.22
Return after operating charges <sup>^</sup>	0.81	13.87	-12.17	16.06
Distributions	-0.74	-2.15	-2.43	-2.38
Retained distributions on accumulation shares	0.74	2.15	2.43	2.38
<b>Closing net asset value per share</b>	<b>133.76</b>	<b>132.95</b>	<b>119.08</b>	<b>131.25</b>
<sup>^</sup> After direct transaction costs of	-0.03	-0.10	-0.11	-0.09
<b>Performance</b>				
Return after charges	0.61%	11.65%	-9.27%	13.94%
<b>Other information</b>				
Closing net asset value	€6,973,989	€6,762,086	€5,762,294	€8,030,830
Closing number of shares	5,213,708	5,086,255	4,839,057	6,118,821
Operating charges	2.20%	1.58%	1.67%	1.75%
Ongoing operating charges*	1.92%	1.56%	1.61%	1.75%
Direct transaction costs	0.02%	0.08%	0.09%	0.07%
<b>Prices</b>				
Highest share price	136.27	133.32	134.28	135.70
Lowest share price	130.08	118.53	116.23	113.77

The foreign exchange rate used to calculate net asset value and net distribution per share as at 30 April 2018 was €1.1400.

	C Income GBP			
	30.04.18 p	31.10.17 p	31.10.16 p	31.10.15 p
<b>Opening net asset value per share</b>	123.99	115.50	103.49	101.28
Return before operating charges <sup>^</sup>	3.48	12.38	16.04	5.95
Operating charges	-2.74	-1.90	-1.79	-1.83
Return after operating charges <sup>^</sup>	0.74	10.48	14.25	4.12
Distributions	-0.69	-1.99	-2.24	-1.91
<b>Closing net asset value per share</b>	<b>124.04</b>	<b>123.99</b>	<b>115.50</b>	<b>103.49</b>
<sup>^</sup> After direct transaction costs of	-0.02	-0.10	-0.10	-0.07
<b>Performance</b>				
Return after charges	0.59%	9.07%	13.77%	4.07%
<b>Other information</b>				
Closing net asset value	£31,066,164	£31,111,592	£20,702,965	£17,774,818
Closing number of shares	25,044,897	25,091,656	17,923,921	17,175,046
Operating charges	2.20%	1.58%	1.67%	1.75%
Ongoing operating charges*	1.92%	1.56%	1.61%	1.75%
Direct transaction costs	0.02%	0.08%	0.09%	0.07%
<b>Prices</b>				
Highest share price	126.91	125.41	117.10	108.11
Lowest share price	122.47	114.16	99.79	101.12

**Comparative Tables**

continued

**Change in net assets per share**

	<b>C Accumulation GBP</b>			
	<b>30.04.18</b> p	<b>31.10.17</b> p	<b>31.10.16</b> p	<b>31.10.15</b> p
<b>Opening net asset value per share</b>	133.20	122.03	107.14	102.95
Return before operating charges <sup>^</sup>	3.74	13.19	16.76	6.06
Operating charges	-2.94	-2.02	-1.87	-1.87
Return after operating charges <sup>^</sup>	0.80	11.17	14.89	4.19
Distributions	-0.74	-2.11	-2.39	-1.95
Retained distributions on accumulation shares	0.74	2.11	2.39	1.95
<b>Closing net asset value per share</b>	<b>134.00</b>	<b>133.20</b>	<b>122.03</b>	<b>107.14</b>
<sup>^</sup> After direct transaction costs of	-0.03	-0.10	-0.10	-0.07
<b>Performance</b>				
Return after charges	0.60%	9.15%	13.90%	4.07%
<b>Other information</b>				
Closing net asset value	£55,151,645	£47,204,832	£32,229,247	£13,214,230
Closing number of shares	41,158,992	35,440,274	26,411,601	12,333,050
Operating charges	2.20%	1.58%	1.67%	1.75%
Ongoing operating charges*	1.92%	1.56%	1.61%	1.75%
Direct transaction costs	0.02%	0.08%	0.09%	0.07%
<b>Prices</b>				
Highest share price	136.34	133.66	122.53	109.91
Lowest share price	131.56	120.64	103.31	102.83

	<b>D Income GBP</b>			
	<b>30.04.18</b> p	<b>31.10.17</b> p	<b>31.10.16</b> p	<b>31.10.15</b> p
<b>Opening net asset value per share</b>	123.99	115.35	103.23	100.88
Return before operating charges <sup>^</sup>	3.33	12.38	16.02	5.94
Operating charges	-2.43	-1.60	-1.52	-1.56
Return after operating charges <sup>^</sup>	0.90	10.78	14.50	4.38
Distributions	-0.77	-2.14	-2.38	-2.03
<b>Closing net asset value per share</b>	<b>124.12</b>	<b>123.99</b>	<b>115.35</b>	<b>103.23</b>
<sup>^</sup> After direct transaction costs of	-0.02	-0.10	-0.10	-0.07
<b>Performance</b>				
Return after charges	0.73%	9.34%	14.04%	4.35%
<b>Other information</b>				
Closing net asset value	£27,767,532	£25,758,985	£17,513,247	£14,518,230
Closing number of shares	22,372,421	20,775,609	15,182,478	14,064,256
Operating charges	1.95%	1.33%	1.42%	1.50%
Ongoing operating charges*	1.67%	1.31%	1.36%	1.50%
Direct transaction costs	0.02%	0.08%	0.09%	0.07%
<b>Prices</b>				
Highest share price	126.97	125.48	117.01	107.82
Lowest share price	122.58	114.03	99.61	100.79

## Comparative Tables

continued

### Change in net assets per share

	D Accumulation GBP			
	30.04.18 p	31.10.17 p	31.10.16 p	31.10.15 p
<b>Opening net asset value per share</b>	128.52	117.51	102.93	100.00†
Return before operating charges <sup>^</sup>	3.45	12.64	16.11	4.47
Operating charges	-2.52	-1.63	-1.53	-1.54
Return after operating charges <sup>^</sup>	0.93	11.01	14.58	2.93
Distributions	-0.80	-2.18	-2.38	-1.93
Retained distributions on accumulation shares	0.80	2.18	2.38	1.93
<b>Closing net asset value per share</b>	<b>129.45</b>	<b>128.52</b>	<b>117.51</b>	<b>102.93</b>
<sup>^</sup> After direct transaction costs of	-0.03	-0.10	-0.10	-0.07
<b>Performance</b>				
Return after charges	0.72%	9.37%	14.16%	2.93%
<b>Other information</b>				
Closing net asset value	£498,260	£160,205	£34,836	£30,488
Closing number of shares	384,892	124,652	29,644	29,619
Operating charges	1.95%	1.33%	1.42%	1.50%
Ongoing operating charges*	1.67%	1.31%	1.36%	1.50%
Direct transaction costs	0.02%	0.08%	0.09%	0.07%
<b>Prices</b>				
Highest share price	131.61	128.96	118.00	105.45
Lowest share price	127.07	115.96	99.32	98.50

†D Accumulation GBP shares launched 24 November 2014.

\*The ACD believes this to be representative of the charges going forward. The 2018 reduction in ongoing operating charges is due to updated synthetic charge information being available after 30 April 2018.

Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated by annualising the expenses incurred against the average net asset value for the accounting period.

The return after charges is calculated as the closing net asset value per share plus the distributions on income shares minus the opening net asset value per share as a % of the opening net asset value per share.

The Sub-fund invests in Collective Investment Schemes and Investment Trusts, the expenses incurred by these schemes in relation to the Sub-fund (synthetic ongoing charge) are included within the operating charge.

Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting period. The figures used within the table have been calculated against the average net asset value for the accounting period.

**Comparative Tables**

continued

**Risk and reward profile**

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund’s ranking on the risk and reward indicator.



Classes A,B,C and D (Income and Accumulation GBP) are ranked 3 because funds of this type have experienced low to medium rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases.



Class B Accumulation EUR is ranked 4 because funds of this type have experienced average rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases.

The two indicators above do not take into account the following risks of investing in this Sub-fund:

- Investing in other funds may expose investors to increased risk due to less strict regulations and the use of derivatives.
- The price of some funds may not reflect the value of the assets they hold. This can result in wide changes in the share price.
- The other funds can themselves invest in assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease and increase.
- Bond values are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may not be able to pay the bond income as promised or could fail to repay the capital amount used to purchase the bond.

For further risk information please see the prospectus.

**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 revenue 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.



## Statement of Total Return

for the period ended 30 April 2018

	30.04.18		30.04.17	
	£	£	£	£
Income				
Net capital gains		267,873		3,321,312
Revenue	1,139,443		1,259,612	
Expenses	(612,165)		(512,308)	
Interest payable and similar charges	—		—	
Net revenue before taxation	527,278		747,304	
Taxation	—		—	
Net revenue after taxation		527,278		747,304
<b>Total return before distributions</b>		<b>795,151</b>		<b>4,068,616</b>
Distributions		(720,640)		(892,899)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>74,511</b>		<b>3,175,717</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period ended 30 April 2018

	30.04.18		30.04.17	
	£	£	£	£
<b>Opening net assets attributable to Shareholders</b>		<b>122,508,206</b>		<b>87,442,048</b>
Amounts receivable on issue of shares	25,423,923		33,896,469	
Less: Amounts payable on cancellation of shares	(15,366,824)		(13,179,534)	
		10,057,099		20,716,935
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		74,511		3,175,717
Retained distributions on accumulation shares		374,901		436,655
<b>Closing net assets attributable to Shareholders</b>		<b>133,014,717</b>		<b>111,771,355</b>

The opening net assets attributable to Shareholders for the current period do not equal the closing net assets attributable to Shareholders for the comparative period as they are not consecutive periods.

## Balance Sheet

as at 30 April 2018

	30.04.18		31.10.17	
	£	£	£	£
<b>ASSETS</b>				
<b>Fixed Assets</b>				
Investments		128,886,227		116,297,575
<b>Current Assets</b>				
Debtors	518,732		671,172	
Cash and bank balances	5,829,752		6,318,472	
<b>Total current assets</b>		<b>6,348,484</b>		<b>6,989,644</b>
<b>Total assets</b>		<b>135,234,711</b>		<b>123,287,219</b>
<b>LIABILITIES</b>				
Investment liabilities		–		–
<b>Creditors</b>				
Distribution payable	(378,216)		(519,910)	
Other creditors	(1,841,778)		(259,103)	
<b>Total creditors</b>		<b>(2,219,994)</b>		<b>(779,013)</b>
<b>Total liabilities</b>		<b>(2,219,994)</b>		<b>(779,013)</b>
<b>Net assets attributable to Shareholders</b>		<b>133,014,717</b>		<b>122,508,206</b>

## Distribution Tables

for the period ended 30 April 2018

### Income Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Distribution payable 2018	Distribution paid 2017
A GBP	Interim	Group 1	0.8142p	–	0.8142p	1.3786p
		Group 2	0.7642p	0.0500p	0.8142p	–
B GBP	Interim	Group 1	0.7111p	–	0.7111p	1.0697p
		Group 2	0.2792p	0.4319p	0.7111p	1.0697p
C GBP	Interim	Group 1	0.6955p	–	0.6955p	1.0027p
		Group 2	0.2577p	0.4378p	0.6955p	1.0027p
D GBP	Interim	Group 1	0.7726p	–	0.7726p	1.0724p
		Group 2	0.3361p	0.4365p	0.7726p	1.0724p

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2018	Amount reinvested 2017
A GBP	Interim <sup>^</sup>	Group 1	0.5680p	–	0.5680p	0.9459p
		Group 2	–	–	–	–
B GBP	Interim	Group 1	0.7827p	–	0.7827p	1.1625p
		Group 2	0.2018p	0.5809p	0.7827p	1.1625p
B EUR	Interim	Group 1	0.7458€c	–	0.7458€c	1.1026€c
		Group 2	0.3634€c	0.3824€c	0.7458€c	1.1026€c
C GBP	Interim	Group 1	0.7472p	–	0.7472p	1.0613p
		Group 2	0.2993p	0.4479p	0.7472p	1.0613p
D GBP	Interim	Group 1	0.8014p	–	0.8014p	1.0928p
		Group 2	0.4960p	0.3054p	0.8014p	1.0928p

<sup>^</sup>No Group 2 shares held.

Interim period: 01.11.17 - 30.04.18

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the shares. After averaging, 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 purposes.

## Investment Objective and Policy

### Investment objective

The investment objective of the Sub-fund is to provide income with the prospect of capital growth.

### Investment policy

The Sub-fund's portfolio will consist primarily of a diversified range of open and closed ended funds. The portfolio will be actively managed, with the Investment Manager seeking to take advantage of inefficiencies in the pricing of closed ended funds and significant movements in financial markets.

Through its investments, the portfolio will be exposed to a range of asset classes, underlying currencies, geographic spread and holding funds managed by a variety of fund management groups and style of investment manager.

The Company permits the use of derivatives for investment purposes by the Sub-fund; however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Sub-fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.

## Investment Manager's Report

for the period ended 30 April 2018

### Performance Review and Income Distribution

The Distribution Fund generated positive returns in the six-month period to 30th April 2018, continuing its good performance track record since the launch of the Sub-fund in April 2012. The Sub-fund achieved a total return of +0.5%, compared to the loss of -0.1% for the average performance of its peer group of funds in the IA Mixed Investment 40-85% Shares Sector. The Sub-fund's outperformance relative to its peer group can largely be attributed to our continued endeavour to generate good risk-adjusted returns by focusing on attractive investments with less dependence on market direction, given the diminishing value offered by most investments relative to their risks. Analysis of the Sub-fund's past six months reveals the outperformance was generated by protecting capital during weaker markets in February and March. Pleasingly, the Sub-fund kept pace with its sector as global equity markets rallied sharply through December and the beginning of January, though did lag the rally during April which diminished the overall outperformance achieved. This placed the Sub-fund in the top quartile of its peer group for the period under review. Meanwhile the long-term performance remains excellent in absolute and relative terms. Since launch on 13th April 2012 to 30th April 2018, The Distribution Fund has achieved a total return of 81.2% compared with a return of 58.5% for the IA Mixed Investment 40-85% Shares Sector and is ranked 9th out of 106 funds in the IA Sector. The continued consistency and quality of the Sub-fund's performance over the past six years has meant the Sub-fund has been awarded an 'A' rating by multi-manager research specialist Scopic Research. The Sub-fund has also been rated '5 Diamond' Multi-Manager Return Focused and Multi-Asset Income by Defaqto, which is their highest rating. In addition, Hawksmoor Fund Managers received the Boutique Management Group of the Year (Multiple Strategies) award by Investment Week in October 2017. We are keen to stress that recognition in the form of ratings and awards is not the end of a journey, but rather a solid base from which to further build on.

For the three month period to 30 April 2018, Distribution generated income of 0.8621 pence per B Income share (pps), going ex-dividend on 1 May with the income paid to income shareholders at the end of June 2018. This distribution together with the last three quarterly dividends (3.7503 pps) amounts to an annualised yield of 3.44% based on the price at 2 May 2018. The Sub-fund aims to deliver a yield in excess of that offered by a composite of financial assets.

*Source: Financial Express Analytics. All figures refer to the B Accumulation share class unless otherwise stated.*

## Investment Manager's Report

continued

### Market Review

The six months under review were characterised by the return of higher levels of volatility to financial markets after an extended benign period that had seen global asset prices steadily rise, supported by accommodative central bank monetary policy. Indeed, the leading index measuring the performance of US companies, the S&P 500, rose for fifteen consecutive months to January 2018, driven by the so called FAANG basket of stocks (consisting of Facebook, Apple, Amazon, Netflix and Google (now Alphabet)). Large inflows into passive investment vehicles, which are forced buyers of companies regardless of fundamentals when they receive inflows, also helped drive markets upward. It is important to be cognisant that these vehicles are also forced sellers when investors take their money out, which can compound market falls during periods of stress when some investors look to move their assets into perceived safer havens. The serene period was sharply brought to an end in February. Financial markets experienced steep declines as strong wage data out of the US increased inflationary fears and implied the need for a more aggressive rate rising cycle. Market falls were somewhat unusual in that traditional portfolio diversifiers like government bonds and gold did not offer the protection and diversification benefits that investors have become accustomed to under such conditions. Indeed, it was the first decline since the Great Financial Crises in which all major asset classes lost value, and only the third time on record that such a feat has occurred. The falls experienced were exacerbated by the impact of derivatives and exchange traded funds and notes (ETFs and ETNs) that were linked to volatility. These short volatility products were positioned to benefit from further declines in the VIX volatility index (a measure of implied volatility in the S&P 500 index over the next 30 days), which was at all time low levels, and in many cases lost all of their value as volatility jumped to multi-year highs. This value destruction served to highlight a vulnerability underlying markets that was perhaps previously underappreciated.

The impact of politics on markets continued to ebb and flow as Brexit negotiations continued, President Trump threatened and then implemented trade tariffs against China and worries surrounding nuclear missile testing by North Korea continued. However, the end of the period saw diminishing tensions with North Korea, as the country's President Kim Jong Un set foot on South Korean soil for the first time, and subsequently promised to end his country's nuclear weapon ambitions.

During the period under review, the best performing asset class in local currency terms was local currency emerging market debt, rising +5.2% (JPM GBI-EM Global Div Composite) as the asset class benefited from a weakening dollar. On the flip side, the worst performing was hard currency emerging market debt (ICE BofAML US Emerging Markets External Sovereign, -3.0%), where the weakening dollar acted as a headwind. Despite the volatility and sharp moves experienced, over the whole period most equity markets produced positive returns thanks to a sharp rally during April that offset the February and March declines. Of the major regions, only European equities declined in value (MSCI Europe ex UK -1.4%). Meanwhile, most bond markets delivered modestly negative returns, with inflation-linked bonds down -1.2% (Bloomberg Barclays Global Inflation-Linked), convertible bonds down -1.0% (Thomson Reuters Convertible Global Focus) and high yield bonds down -0.1% (Bloomberg Barclays Global High Yield) in local currency terms.

*Source: Financial Express Analytics, Local Currency*

### Portfolio Review

We were pleased to receive significant inflows into the Sub-fund during the period under review, with much of our dealing focused on adding to areas where we have highest conviction, whilst ensuring that dilution of our income distribution was minimised. Whilst financial markets spent the first half of the period under review continuing their serene progress, this changed in February and March with the first significant equity market declines in over two years. Pleasingly, Distribution outperformed its peers during these weaker periods.

In November, we introduced Muzinich Asia Credit Opportunities after trimming our position in Barings European High Yield Bond (with the remaining holding sold later in the period) as a very strong run up in the prices of European high yield bonds saw the additional yield offered versus government bonds narrow, diminishing the margin of safety. Muzinich invests in investment grade Asian corporate bonds and provides a diversified source of income to the portfolio with an attractive risk reward payoff. We also topped up our longstanding position in Royal London Short Duration Global High Yield Bond after the position had been diluted by strong inflows. We altered our equity income exposure following a review into the asset class with the sales of Montanaro European Income and Guinness Global Equity Income funding a new position in Old Mutual Global Equity Income.

A significant amount of our activity centred on the investment trust space as a turn in investor sentiment following the return of volatility to financial markets presented a number of attractive opportunities to top up some of our existing holdings. We were able to add to Alcentra European Floating Rate Income at a significant discount to net asset value (NAV), buying below the prevailing bid price by participating in a placing of stock from a large seller. BB Healthcare was also added to at a discount

## Investment Manager's Report

continued

to NAV. We topped up our position in Urban Logistics REIT (previously called Pacific Industrial & Logistics REIT) cheaply and Civitas Social Housing on weakness following concerns around First Priority Housing Association's ability to make rent payments. Elsewhere in property, we added to LXi REIT, supported a secondary placing of shares in PRS REIT and added to our holding in Warehouse REIT. We said a fond farewell to Taliesin Property, with the Fund taken over at a healthy 10% premium to the prevailing market price at the time the bid was made by Blackstone Group.

Opportunities also arose in specialist debt investment trusts. We added to our holding in GCP Infrastructure after a weak period saw its premium to NAV contract to just 4%, having traded on a 15%+ premium for much of the past 2 years. GCP Asset Backed Income also derated and we topped up our position at a small discount to NAV. We took part in a small capital raise by ICG Longbow Senior Secured UK Property Debt to help fund an attractive pipeline of investment opportunities that the managers have identified. Finally, we took part in a placing of C shares by RM Secured Direct Lending as our conviction in the trust continues to grow.

Other activity involved trimming our private equity exposure following a strong run, reducing positions in ICG Enterprise and Standard Life Private Equity. We reduced and then sold Rights & Issues Investment Trust to reduce the risk profile of the Sub-fund. In April, we increased our exposure to UK equities by topping up Man GLG UK Income and BlackRock UK Income. We also introduced Close Select Fixed Income, a nimble, flexible credit fund.

### Investment Outlook

Despite the higher levels of volatility experienced in markets during the period under review, equity markets remain highly valued by most measures, government bond yields remain close to all-time lows across much of the developed world, and political uncertainty continues to weigh heavy. Over the next few years, central bank involvement in markets looks likely to continue to be reduced. In the US, the Federal Reserve Bank is in the midst of an interest rate rising cycle and is looking to reduce the size of its balance sheet. In the UK, the Monetary Policy Committee has raised rates for the first time in a decade with the suggestion that more rate rises are likely. Whilst in Europe, the European Central Bank (ECB) has cut its bond purchasing programme in half. However, monetary support remains and will take a long time to be unwound. Mario Draghi, President of the ECB, has stated that he will continue to support markets. Whilst in Japan, stimulus shows no signs of abating with current Governor of the Bank of Japan, Haruhiko Kuroda, committed to keeping the 10 year Japanese government bond yield at 0%.

Whether the return of higher levels of volatility will be sustained is impossible to predict, and prediction has never been a part of our process. We continue to focus our efforts on finding pockets of value in an expensive marketplace, seeking to ensure that our Sub-fund is well diversified. We have continued to reduce the exposure of the Sub-fund to the general direction of markets with a correspondingly higher allocation to holdings designed to generate positive long-term returns independently of markets. We continue to find opportunities in niche, more idiosyncratic areas of the market that we hope will continue to deliver positive returns to our investors over the long term. However, the Distribution Fund is not an absolute return fund and will always be fully invested. Since the Great Financial Crisis, investors in financial markets have been spoiled by rock-bottom interest rates, extraordinary central bank involvement and the absence of recessions in markets, which has resulted in high returns that are not sustainable over the long term. Looking ahead, investment success will require being realistic, with returns likely to be lower than those experienced in recent times.

More information about The Distribution Fund can be found on the Hawksmoor website [www.hawksmoorfm.co.uk](http://www.hawksmoorfm.co.uk) including monthly factsheets which give more details of the investments in the portfolio and how they have changed over the period covered by this report. You will also find a link to our first quarterly report. If you would like to receive any of these documents on a regular basis and are not already doing so, please send an email to [vanbrugh@hawksmoorim.co.uk](mailto:vanbrugh@hawksmoorim.co.uk) and we will be pleased to add your email address to the distribution list.

We thank you for your support and interest in the Distribution Fund.

Daniel Lockyer, Richard Scott, Ben Conway  
Hawksmoor Investment Management Ltd  
25 June 2018

## Portfolio Statement

as at 30 April 2018

Holding	Security	Market value £	% of total net assets 2018
<b>Alternatives 4.95% (3.08%)</b>			
750,000	Polar Capital Global Convertible - I GBP Distribution*	5,970,000	4.95
<b>Commodity 1.73% (1.71%)</b>			
160,000	Old Mutual Gold & Silver - U1 GBP Accumulation*	2,082,688	1.73
<b>Emerging Market Equity 2.04% (2.32%)</b>			
420,000	Blackrock Frontiers Investment Trust	680,400	0.56
1,700,000	Jupiter Emerging & Frontier Income Trust	1,785,000	1.48
		2,465,400	2.04
<b>European Equity 1.58% (2.87%)</b>			
900,000	Schroder European Alpha Income - Z GBP Hedged Income*	1,906,200	1.58
<b>Far East Equity 5.25% (4.84%)</b>			
140,000	Guinness Asian Equity Income - Z GBP Distribution*	2,225,594	1.84
20,000	Prusik Asian Equity Income - 1C GBP Distribution*	4,107,334	3.41
		6,332,928	5.25
<b>Fixed Interest 27.27% (26.58%)</b>			
1,957,745	Alcentra European Floating Rate Income	1,918,590	1.59
20,000	Ashmore Emerging Markets Total Return - I GBP Income*	1,999,200	1.66
37,000	Ashmore Emerging Short Duration (GBP Hedged) - Z GBP Income*	3,594,550	2.98
200,000	Close Select Fixed Income - X Income*	209,800	0.17
2,200,000	GCP Asset Backed Income	2,299,000	1.91
2,500,000	GCP Infrastructure Investments	3,030,000	2.51
2,500,000	ICG - Longbow Senior Secured UK Property Debt Investments	2,575,000	2.14
40,000	Muzinich Asia Credit Opportunities - Hedged GBP Income Founder*	3,912,800	3.24
137,000	Ranger Direct Lending	1,082,300	0.90
500,000	RM Secured Direct Lending	500,000	0.41
1,951,922	RM Secured Direct Lending - C	1,951,922	1.62
5,800,000	Royal London Short Duration Global High Yield Bond - Z Income*	5,195,640	4.31
2,500,000	Schroder Strategic Credit - L Income*	2,425,250	2.01
1,800,000	TwentyFour Income	2,196,000	1.82
		32,890,052	27.27
<b>Global Equity 10.35% (10.74%)</b>			
2,350,000	BB Healthcare Trust	2,596,750	2.15
3,500,000	Fidelity Global Enhanced Income - W Income*	4,543,000	3.77
175,000	Old Mutual Global Equity Income - R GBP Income*	2,565,395	2.13
2,750,000	Schroder Global Equity Income Fund - Z GBP Income*	2,769,250	2.30
		12,474,395	10.35
<b>Japanese Equity 5.29% (5.01%)</b>			
2,500,000	Baillie Gifford Japanese Income Growth - B Income*	3,392,500	2.81
3,102,178	Jupiter Japan Income - I Income*	2,990,810	2.48
		6,383,310	5.29

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2018
<b>Multi Asset 3.65% (3.17%)</b>			
3,000,000	Polar Capital Income Opportunities - B1 I GBP Income*	4,397,100	3.65
<b>Private Equity 3.30% (4.35%)</b>			
250,000	ICG Enterprise Trust	2,130,000	1.76
550,000	Standard Life Private Equity Trust	1,853,500	1.54
		<b>3,983,500</b>	<b>3.30</b>
<b>Property 18.97% (21.38%)</b>			
1,800,000	AEW UK Long Lease REIT	1,699,200	1.41
2,500,000	AEW UK REIT	2,415,000	2.00
2,200,000	Civitas Social Housing REIT**	2,266,000	1.88
2,000,000	Impact Healthcare REIT	2,060,000	1.71
2,600,000	LXi REIT	2,665,000	2.21
1,425,000	Phoenix Spree Deutschland	5,073,000	4.21
3,000,000	PRS REIT	3,030,000	2.51
1,000,000	Urban Logistics REIT	1,170,000	0.97
2,500,000	Warehouse REIT**	2,500,000	2.07
		<b>22,878,200</b>	<b>18.97</b>
<b>United Kingdom Equity 10.15% (8.64%)</b>			
1,750,000	Aberforth Split Level Income Trust	1,662,500	1.38
1,000,000	BlackRock UK Income - D GBP Income*	4,554,000	3.78
900,000	CF Livingbridge UK Multi Cap Income - F GBP Income*	996,120	0.83
3,800,000	Man GLG UK Income - D Income*	5,023,600	4.16
		<b>12,236,220</b>	<b>10.15</b>
<b>Investment assets</b>		<b>113,999,993</b>	<b>94.53</b>
<b>Net other assets</b>		<b>6,596,077</b>	<b>5.47</b>
<b>Net assets</b>		<b>120,596,070</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 31.10.17.

\*Collective Investment Schemes permitted under COLL, not listed on any exchange.

\*\*Quoted on the Alternative Investment Market.

Total purchases for the period: £27,350,007

Total sales for the period: £11,426,465



## Comparative Tables

### Change in net assets per share

	A Income GBP		A Accumulation GBP	
	31.10.16 <sup>^^</sup> p	31.10.15 p	31.10.16 <sup>^^</sup> p	31.10.15 p
<b>Opening net asset value per share</b>	120.88	120.80	138.47	133.29
Return before operating charges <sup>^</sup>	-120.88	7.68	-138.47	8.48
Operating charges	0.00	-2.94	0.00	-3.30
Return after operating charges <sup>^</sup>	-120.88	4.74	-138.47	5.18
Distributions	0.00	-4.66	0.00	-5.27
Retained distributions on accumulation shares	n/a	n/a	0.00	5.27
<b>Closing net asset value per share</b>	<b>0.00</b>	<b>120.88</b>	<b>0.00</b>	<b>138.47</b>
<sup>^</sup> After direct transaction costs of	-0.14	-0.12	-0.17	-0.14
<b>Performance</b>				
Return after charges	-100.00%	3.92%	-100.00%	3.89%
<b>Other information</b>				
Closing net asset value	0	£288,148	0	£110,469
Closing number of shares	0	238,370	0	79,777
Operating charges	–	2.38%	–	2.38%
Direct transaction costs	0.12%	0.10%	0.12%	0.10%
<b>Prices</b>				
Highest share price	121.97	129.12	139.65	143.98
Lowest share price	116.76	117.28	133.74	132.16

<sup>^^</sup>On 22 January 2016 as part of the Retail Distribution Review the A Income GBP share class was transferred to B Income GBP share class and A Accumulation GBP share class was transferred to B Accumulation GBP share class. Return after charges at date of transfer was -3.41% (A Income & A Accumulation).

	B Income GBP			
	30.04.18 p	31.10.17 p	31.10.16 p	31.10.15 p
<b>Opening net asset value per share</b>	138.32	129.86	117.02	116.34
Return before operating charges <sup>^</sup>	4.68	15.51	20.14	7.43
Operating charges	-3.45	-2.29	-2.22	-2.24
Return after operating charges <sup>^</sup>	1.23	13.22	17.92	5.19
Distributions	-2.10	-4.76	-5.08	-4.51
<b>Closing net asset value per share</b>	<b>137.45</b>	<b>138.32</b>	<b>129.86</b>	<b>117.02</b>
<sup>^</sup> After direct transaction costs of	-0.08	-0.22	-0.14	-0.12
<b>Performance</b>				
Return after charges	0.89%	10.18%	15.32%	4.46%
<b>Other information</b>				
Closing net asset value	£1,829,092	£1,667,248	£1,569,618	£1,330,022
Closing number of shares	1,330,729	1,205,388	1,208,663	1,136,624
Operating charges	2.49%	1.70%	1.84%	1.88%
Ongoing operating charges*	2.11%	1.68%	1.78%	1.88%
Direct transaction costs	0.06%	0.16%	0.12%	0.10%
<b>Prices</b>				
Highest share price	142.84	140.09	131.61	124.64
Lowest share price	134.99	127.34	110.46	113.42

## Comparative Tables

continued

### Change in net assets per share

	B Accumulation GBP			
	30.04.18 p	31.10.17 p	31.10.16 p	31.10.15 p
<b>Opening net asset value per share</b>	179.53	162.60	140.63	134.70
Return before operating charges <sup>^</sup>	6.10	19.84	24.68	8.56
Operating charges	-4.49	-2.91	-2.71	-2.63
Return after operating charges <sup>^</sup>	1.61	16.93	21.97	5.93
Distributions	-2.76	-6.04	-6.20	-5.26
Retained distributions on accumulation shares	2.76	6.04	6.20	5.26
<b>Closing net asset value per share</b>	<b>181.14</b>	<b>179.53</b>	<b>162.60</b>	<b>140.63</b>
<sup>^</sup> After direct transaction costs of	-0.11	-0.27	-0.18	-0.14
<b>Performance</b>				
Return after charges	0.90%	10.41%	15.62%	4.40%
<b>Other information</b>				
Closing net asset value	£723,089	£660,264	£510,884	£472,368
Closing number of shares	399,191	367,775	314,191	335,903
Operating charges	2.49%	1.70%	1.84%	1.88%
Ongoing operating charges*	2.11%	1.68%	1.78%	1.88%
Direct transaction costs	0.06%	0.16%	0.12%	0.10%
<b>Prices</b>				
Highest share price	185.40	180.61	163.59	145.82
Lowest share price	176.79	159.60	134.34	133.62

	B Accumulation EUR			
	30.04.18 €c	31.10.17 €c	31.10.16 €c	31.10.15 €c
<b>Opening net asset value per share</b>	140.12	123.75	133.91	116.80
Return before operating charges <sup>^</sup>	4.58	18.32	-8.15	19.22
Operating charges	-3.14	-1.95	-2.01	-2.11
Return after operating charges <sup>^</sup>	1.44	16.37	-10.16	17.11
Distributions	-2.14	-4.74	-5.19	-4.97
Retained distributions on accumulation shares	2.14	4.74	5.19	4.97
<b>Closing net asset value per share</b>	<b>141.56</b>	<b>140.12</b>	<b>123.75</b>	<b>133.91</b>
<sup>^</sup> After direct transaction costs of	-0.08	-0.21	-0.15	-0.13
<b>Performance</b>				
Return after charges	1.03%	13.23%	-7.59%	14.65%
<b>Other information</b>				
Closing net asset value	€10,957,591	€10,819,470	€10,854,807	€11,174,651
Closing number of shares	7,740,723	7,721,605	8,771,590	8,345,181
Operating charges	2.24%	1.45%	1.59%	1.63%
Ongoing operating charges*	1.86%	1.43%	1.53%	1.63%
Direct transaction costs	0.06%	0.16%	0.12%	0.10%
<b>Prices</b>				
Highest share price	144.61	140.44	137.36	139.60
Lowest share price	137.01	123.02	117.44	114.52

The foreign exchange rate used to calculate net asset value and net distribution per share as at 30 April 2018 was €1.1400.

## Comparative Tables

continued

### Change in net assets per share

	C Income GBP			
	30.04.18 p	31.10.17 p	31.10.16 p	31.10.15 p
<b>Opening net asset value per share</b>	121.99	114.20	102.66	101.80
Return before operating charges <sup>^</sup>	3.97	13.70	17.70	6.52
Operating charges	-2.74	-1.72	-1.68	-1.70
Return after operating charges <sup>^</sup>	1.23	11.98	16.02	4.82
Distributions	-1.85	-4.19	-4.48	-3.96
<b>Closing net asset value per share</b>	<b>121.37</b>	<b>121.99</b>	<b>114.20</b>	<b>102.66</b>
<sup>^</sup> After direct transaction costs of	-0.07	-0.19	-0.13	-0.10
<b>Performance</b>				
Return after charges	1.01%	10.49%	15.61%	4.73%
<b>Other information</b>				
Closing net asset value	£28,752,562	£29,221,446	£14,228,321	£9,421,338
Closing number of shares	23,689,793	23,954,371	12,458,951	9,177,654
Operating charges	2.24%	1.45%	1.59%	1.63%
Ongoing operating charges*	1.86%	1.43%	1.53%	1.63%
Direct transaction costs	0.06%	0.16%	0.12%	0.10%
<b>Prices</b>				
Highest share price	126.04	123.54	115.74	109.19
Lowest share price	119.17	112.05	96.97	99.46

	C Accumulation GBP			
	30.04.18 p	31.10.17 p	31.10.16 p	31.10.15 p
<b>Opening net asset value per share</b>	139.72	126.28	108.86	103.96
Return before operating charges <sup>^</sup>	4.57	15.37	19.24	6.67
Operating charges	-3.15	-1.93	-1.82	-1.77
Return after operating charges <sup>^</sup>	1.42	13.44	17.42	4.90
Distributions	-2.14	-4.69	-4.83	-4.10
Retained distributions on accumulation shares	2.14	4.69	4.83	4.10
<b>Closing net asset value per share</b>	<b>141.14</b>	<b>139.72</b>	<b>126.28</b>	<b>108.86</b>
<sup>^</sup> After direct transaction costs of	-0.08	-0.21	-0.14	-0.11
<b>Performance</b>				
Return after charges	1.02%	10.64%	16.00%	4.71%
<b>Other information</b>				
Closing net asset value	£38,606,100	£25,382,732	£13,587,264	£9,871,326
Closing number of shares	27,353,449	18,167,335	10,759,775	9,068,176
Operating charges	2.24%	1.45%	1.59%	1.63%
Ongoing operating charges*	1.86%	1.43%	1.53%	1.63%
Direct transaction costs	0.06%	0.16%	0.12%	0.10%
<b>Prices</b>				
Highest share price	144.36	140.55	126.94	112.73
Lowest share price	137.72	123.90	104.06	103.21

## Comparative Tables

continued

### Change in net assets per share

	D Income GBP			
	30.04.18 p	31.10.17 p	31.10.16 p	31.10.15 p
<b>Opening net asset value per share</b>	120.55	112.58	100.94	99.84
Return before operating charges <sup>^</sup>	3.79	13.51	17.45	6.41
Operating charges	-2.41	-1.41	-1.40	-1.42
Return after operating charges <sup>^</sup>	1.38	12.10	16.05	4.99
Distributions	-1.84	-4.13	-4.41	-3.89
<b>Closing net asset value per share</b>	<b>120.09</b>	<b>120.55</b>	<b>112.58</b>	<b>100.94</b>
<sup>^</sup> After direct transaction costs of	-0.07	-0.19	-0.12	-0.10
<b>Performance</b>				
Return after charges	1.14%	10.75%	15.90%	4.99%
<b>Other information</b>				
Closing net asset value	£40,921,169	£36,999,027	£24,674,552	£20,090,116
Closing number of shares	34,076,653	30,691,753	21,917,468	19,902,795
Operating charges	1.99%	1.20%	1.34%	1.38%
Ongoing operating charges*	1.61%	1.18%	1.28%	1.38%
Direct transaction costs	0.06%	0.16%	0.12%	0.10%
<b>Prices</b>				
Highest share price	124.62	122.08	114.09	107.22
Lowest share price	117.90	110.48	95.42	97.75

	D Accumulation GBP			
	30.04.18 p	31.10.17 p	31.10.16 p	31.10.15 <sup>^^</sup> p
<b>Opening net asset value per share</b>	127.03	114.56	98.52	100.00
Return before operating charges <sup>^</sup>	4.00	13.92	17.43	-0.12
Operating charges	-2.54	-1.45	-1.39	-1.36
Return after operating charges <sup>^</sup>	1.46	12.47	16.04	-1.48
Distributions	-1.94	-4.26	-4.27	-2.25
Retained distributions on accumulation shares	1.94	4.26	4.27	2.25
<b>Closing net asset value per share</b>	<b>128.49</b>	<b>127.03</b>	<b>114.56</b>	<b>98.52</b>
<sup>^</sup> After direct transaction costs of	-0.08	-0.19	-0.12	-0.10
<b>Performance</b>				
Return after charges	1.15%	10.89%	16.28%	-1.48%
<b>Other information</b>				
Closing net asset value	£152,136	£151,500	£12,876	£38,881
Closing number of shares	118,407	119,261	11,240	39,467
Operating charges	1.99%	1.20%	1.34%	1.38%
Ongoing operating charges*	1.61%	1.18%	1.28%	1.38%
Direct transaction costs	0.06%	0.16%	0.12%	0.10%
<b>Prices</b>				
Highest share price	131.32	127.78	115.16	101.88
Lowest share price	125.34	112.44	94.24	94.79

<sup>^^</sup>D Accumulation GBP shares launched 31 March 2015.

\*The ACD believes this to be representative of the charges going forward. The 2018 reduction in ongoing operating charges is due to updated synthetic charge information being available after 30 April 2018.

Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated by annualising the expenses incurred against the average net asset value for the accounting period.

The return after charges is calculated as the closing net asset value per share plus the distributions on income shares minus the opening net asset value per share as a % of the opening net asset value per share.

## Comparative Tables

continued

The Sub-fund invests in Collective Investment Schemes and Investment Trusts, the expenses incurred by these schemes in relation to the Sub-fund (synthetic ongoing charge) are included within the operating charge.

Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting period. The figures used within the table have been calculated against the average net asset value for the accounting period.

## Risk and reward profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked 4 because funds of this type have experienced average rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

- Investing in other funds may expose investors to increased risk due to less strict regulations and the use of derivatives.
- The price of some funds may not reflect the value of the assets they hold. This can result in wide changes in the share price.
- The other funds can themselves invest in assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Sub-fund.
- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of your investment to decrease and increase.
- Bond values are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may not be able to pay the bond income as promised or could fail to repay the capital amount used to purchase the bond.
- For further risk information please see the prospectus.

## 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 revenue 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.

## Statement of Total Return

for the period ended 30 April 2018

	30.04.18		30.04.17	
	£	£	£	£
Income				
Net capital (losses)/gains		(4,756)		2,903,703
Revenue	1,839,264		1,401,266	
Expenses	(492,650)		(351,985)	
Interest payable and similar charges	—		—	
Net revenue before taxation	1,346,614		1,049,281	
Taxation	(96,636)		(39,680)	
Net revenue after taxation		1,249,978		1,009,601
<b>Total return before distributions</b>		<b>1,245,222</b>		<b>3,913,304</b>
Distributions		(1,644,060)		(1,291,149)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>(398,838)</b>		<b>2,622,155</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period ended 30 April 2018

	30.04.18		30.04.17	
	£	£	£	£
<b>Opening net assets attributable to Shareholders</b>		<b>103,573,813</b>		<b>64,329,258</b>
Amounts receivable on issue of shares	28,052,647		24,019,107	
Less: Amounts payable on cancellation of shares	(11,300,880)		(8,494,152)	
		16,751,767		15,524,955
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(398,838)		2,622,155
Retained distributions on accumulation shares		669,328		457,021
<b>Closing net assets attributable to Shareholders</b>		<b>120,596,070</b>		<b>82,933,389</b>

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

## Balance Sheet

as at 30 April 2018

	30.04.18		31.10.17	
	£	£	£	£
<b>ASSETS</b>				
<b>Fixed Assets</b>				
Investments		113,999,993		98,075,383
<b>Current Assets</b>				
Debtors	1,505,561		1,169,513	
Cash and bank balances	6,270,957		5,013,736	
<b>Total current assets</b>		<b>7,776,518</b>		<b>6,183,249</b>
<b>Total assets</b>		<b>121,776,511</b>		<b>104,258,632</b>
<b>LIABILITIES</b>				
Investment liabilities		–		–
<b>Creditors</b>				
Distribution payable	(451,971)		(455,972)	
Other creditors	(728,470)		(228,847)	
<b>Total creditors</b>		<b>(1,180,441)</b>		<b>(684,819)</b>
<b>Total liabilities</b>		<b>(1,180,441)</b>		<b>(684,819)</b>
<b>Net assets attributable to Shareholders</b>		<b>120,596,070</b>		<b>103,573,813</b>

## Distribution Tables

For the period ended 30 April 2018

### Income Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Distribution payable 2018	Distribution paid 2017
B GBP	First interim	Group 1	1.2393p	–	1.2393p	1.3642p
		Group 2	0.8939p	0.3454p	1.2393p	1.3642p
	Second interim	Group 1	0.8621p	–	0.8621p	0.8818p
		Group 2	0.5015p	0.3606p	0.8621p	0.8818p
C GBP	First interim	Group 1	1.0936p	–	1.0936p	1.2077p
		Group 2	0.5825p	0.5111p	1.0936p	1.2077p
	Second interim	Group 1	0.7609p	–	0.7609p	0.7687p
		Group 2	0.1634p	0.5975p	0.7609p	0.7687p
D GBP	First interim	Group 1	1.0808p	–	1.0808p	1.1871p
		Group 2	0.6791p	0.4017p	1.0808p	1.1871p
	Second interim	Group 1	0.7637p	–	0.7637p	0.7624p
		Group 2	0.1984p	0.5653p	0.7637p	0.7624p

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2018	Amount reinvested 2017
B GBP	First interim	Group 1	1.6083p	–	1.6083p	1.7193p
		Group 2	0.6660p	0.9423p	1.6083p	1.7193p
	Second interim	Group 1	1.1593p	–	1.1593p	1.1065p
		Group 2	–	1.1593p	1.1593p	1.1065p
B EUR	First interim	Group 1	1.2575€c	–	1.2575€c	1.3578€c
		Group 2	0.1224€c	1.1351€c	1.2575€c	1.3578€c
	Second interim	Group 1	0.8886€c	–	0.8886€c	0.9078€c
		Group 2	0.2025€c	0.6861€c	0.8886€c	0.9078€c
C GBP	First interim	Group 1	1.2522p	–	1.2522p	1.3368p
		Group 2	0.7795p	0.4727p	1.2522p	1.3368p
	Second interim	Group 1	0.8884p	–	0.8884p	0.8573p
		Group 2	0.1787p	0.7097p	0.8884p	0.8573p
D GBP	First interim <sup>^</sup>	Group 1	1.1390p	–	1.1390p	1.2231p
		Group 2	–	–	–	1.2231p
	Second interim <sup>^</sup>	Group 1	0.8052p	–	0.8052p	0.7667p
		Group 2	–	–	–	0.7667p

<sup>^</sup>No group 2 shares held.

First interim period: 01.11.17 - 31.01.18

Second interim period: 01.02.18 - 30.04.18

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the shares. After averaging, 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 purposes.



## General Information

### Authorised Status

MI Hawksmoor Open-Ended Investment Company (the “Company”) is structured as an Investment Company with Variable Capital (“ICVC”), under regulation 12 (Authorisation) of the OEIC Regulations (Open-Ended Investment Companies Regulations 2001 (SI 2001/1228)).

The Company does not intend to have an interest in immovable property.

The Company is authorised and regulated in the UK by the Financial Conduct Authority (“FCA”) as a UCITS Retail Scheme and “Umbrella Company” under the COLL Sourcebook.

The Company was incorporated in England and Wales on 17 February 2009 under registration number IC000729. The Shareholders are not liable for the debts of the Company.

The Company currently has 2 Sub-funds, which are detailed below:

MI Hawksmoor - The Vanbrugh Fund  
MI Hawksmoor - The Distribution Fund

### Head Office

Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW

### Address for Service

The Head Office is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

### Base Currency

The base currency of the Company is Pounds Sterling.

### Share Capital

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000. Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the net asset value of the Sub-fund.

### Classes of Shares

The Instrument of Incorporation allows each Sub-fund to issue different classes of shares in respect of any Sub-fund.

The Sub-fund’s currently have the following classes of shares available for investment:

Sub-fund	Share Class								
	A GBP		B GBP		C GBP		D GBP		B EUR
	Inc	Acc	Inc	Acc	Inc	Acc	Inc	Acc	Acc
MI Hawksmoor - The Vanbrugh Fund	✓	✓	✓	✓	✓	✓	✓	✓	✓
MI Hawksmoor - The Distribution Fund	–	–	✓	✓	✓	✓	✓	✓	✓

The Company may issue both Income and Accumulation Shares.

Holders of Income shares are entitled to be paid the revenue attributable to such shares in respect of each annual accounting period in the currency of the relevant share class.

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

## General Information

continued

### Valuation Point

The scheme property of the Company and each Sub-Fund will normally be valued at 10:00 on each dealing day for the purpose of calculating the price at which shares in the Company may be issued, sold, repurchased or redeemed.

For the purpose of the pricing of shares, a business day is defined as a day on which the dealing office of the ACD is open for the buying and selling of shares. The ACD may at any time during a business day carry out an additional valuation of the property of the Fund if the ACD considers it desirable to do so, with the Depositary's approval.

### Buying, Redeeming and Switching of Shares

The ACD will accept orders for the purchase, sale and switching of shares on normal business days between 08:30 and 16:30. Instructions to buy or sell shares may either be in writing to:

Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW

Or by telephone on:

0345 026 4283

The ACD has the right to establish facilities for recording telephone calls made or received on this telephone line.

A contract note giving details of the shares purchased will be issued no later than the next business day after the business day on which an application to purchase shares is received and instrumented by the ACD. Certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the register of shareholders.

### Pricing Basis

There is a single price for buying, selling and switching shares in a Sub-fund which represents the Net Asset Value of the Sub-fund concerned. The share price is calculated on a forward pricing basis, that is at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD.

The prices of shares are published daily on [www.maitlandgroup.com](http://www.maitlandgroup.com). Neither the ACD nor the Company can be held responsible for any errors in the publication of the prices. The shares in the Company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

### 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. Copies may be obtained free of charge upon application. They are also available from the website of the ACD, the details of which are given in the directory of this report.

Shareholders who have complaints about the operation of the Company should in the first instance contact the ACD, or, following that, may make their complaint direct to the Financial Ombudsman Service, Exchange Tower, London E14 9SR.

### Risk Warning

An investment in an Investment Company with Variable Capital should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue 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.

Maitland

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