

# Maitland

MI Hawksmoor Open-Ended Investment Company

Annual Report 31 October 2018

# MI Hawksmoor Open-Ended Investment Company

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\*These collectively comprise the Authorised Corporate Director's Report.

## 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. 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

### Trustee

Northern Trust Global Services SE  
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

## Statement of the Authorised Corporate Director's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ('the COLL Rules') requires the Authorised Corporate Director ('ACD') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net income and net gains or losses on the property of the Company for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company's and its Sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or its Sub-funds or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

## Certification of the Annual Report by the Authorised Corporate Director

In accordance with the requirements of the Regulations and COLL Sourcebook, we hereby certify the Report on behalf of the Company, Maitland Institutional Services Ltd.

**R. Ackermann**

**D. Jones**

Directors

Maitland Institutional Services Ltd

12 February 2019

## Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the MI Hawksmoor Open-Ended Investment Company - ('the Company')

for the year ended 31 October 2018

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

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

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

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

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

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

**Northern Trust Global Services SE**  
UK Trustee and Depositary Services  
12 February 2019

## Independent Auditor's Report to the Shareholders of MI Hawksmoor Open-Ended Investment Company - ('the Company')

We have audited the financial statements of the Company for the year ended 31 October 2018 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for each of the Company's Sub-funds listed on pages 18 to 32, pages 43 to 55 and pages 62 to 71 and the accounting policies set out on pages 20 to 21.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of each of the sub-funds as at 30 September 2018 and of the net revenue and the net capital losses on the property of the Company for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Other Matter – the impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### Going concern

The Authorised Corporate Director has prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or its sub-funds or to cease their operations, and as they have concluded that the Company and its sub-funds' financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks to the company's and its sub-funds' business model, including the impact of Brexit, and analysed how those risks might affect the company's and its sub-funds' financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company or its sub-funds will continue in operation.

### Other information

The Authorised Corporate Director is responsible for the other information, which comprises the Authorised Corporate Director's Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

## Independent Auditor's Report to the Shareholders of MI Hawksmoor Open-Ended Investment Company - ('the Company')

continued

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

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

### Authorised Corporate Director's responsibilities

As explained more fully in their statement set out on page 2 the Authorised Corporate Director is responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

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

### Ravi Lamba

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square, London E14 5GL

12 February 2019

## 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 year ended 31 October 2018

### Market Review

The period under review began with a continuation of the serene progress of many financial assets across the globe that had been experienced for many of the past few years, with equity markets rallying particularly strongly into the new year. This progress was brought rapidly to a halt in February and March of this year as growing economic concerns and the potential for a trade war rippled through markets with equity markets in particular experiencing their sharpest falls for two years. The US equity market recovered with the US economy continuing to fire on all cylinders with companies reporting robust corporate earnings, boosted in part by large tax cuts. However, many other developed equity markets continued to languish and moved sideways. Pain was felt most keenly in emerging markets during the summer months. As the US dollar strengthened, old questions about the ability of some emerging market economies to service their dollar denominated debt reared their ugly head. The sell-off in emerging market debt and equity that ensued was further compounded by negative idiosyncratic headlines from countries including Argentina and Turkey, culminating in many emerging equity markets falling sharply, with losses exacerbated by currency weakness. Meanwhile, friction between the US and China grew, culminating in a trade war as tit-for-tat tariffs on a wide range of goods were imposed by both sides. For UK based investors barely a day passed, let alone a week, when the national press were not carrying Brexit headlines. Whilst the outcome of the Brexit deal will undoubtedly have wide ranging repercussions, we will not be changing Vanbrugh's positioning to rely on a binary outcome of the negotiations. One of the characteristics of the Funds that we manage is that we are cognisant of the dangers of excessive home market bias, and instead ensure that we invest across global markets, seeking out areas where we can identify a margin of safety, and which offer the best prospective risk-adjusted returns for our investors.

In local currency terms, UK property was one of the best performing asset classes in the period under review. Property is an asset class that we have increased our exposure to over the last couple of years, though we continue to stress the need for a targeted approach. Whilst property in aggregate has delivered attractive total returns, the underlying drivers of this strong performance have been concentrated in the industrial and warehouse sectors, as retail property has continued to struggle, particularly on the UK high street. The US equity market outperformed all other major equity markets in local currency terms, delivering 6.7% during the year under review. Emerging market equities were the weakest performing asset class, whilst European and Japanese equities were also weak. Strength in the US dollar saw the price of gold fall overall during the period, though this hides a rally experienced during the weaker markets in October as investors looked to increase their exposure to more traditional safe havens. It should not come as a surprise to investors that equity market returns were significantly lower this year than during the previous review period, when all major equity markets delivered returns in excess of 20% in local currency terms. The long term real equity market returns average around 7%, a level that has been far exceeded in the post global financial crisis era. It would not be surprising to see real returns below the long-term average from today. September 2018 was the first month since the financial crisis that in aggregate the world's three leading central banks (Bank of Japan, US Federal Reserve and the European Central Bank(ECB)) moved from quantitative easing to quantitative tightening. It is telling that this period precluded the asset price falls in October, the worst calendar month for returns since a decade ago.



## Investment Manager's Report

continued

### Performance Review and Income Distribution

Against this testing backdrop, the Vanbrugh Fund delivered a modest negative total return in the year to 31 October 2018. The Sub-fund achieved a total return of -1.0% over the year, compared to the -1.9% average performance of its peer group of funds in the IA Mixed Investment 20-60% Shares Sector. This placed the Sub-fund in the second quartile of its peer group for the period under review. The Sub-fund's outperformance relative to its peer group can largely be attributed to our continued endeavour to generate good risk-adjusted returns given the diminished value offered by many investments relative to their risk. Analysis of the period shows that the outperformance of the peer group was generated by providing better downside protection during the difficult periods experienced during the course of the year, particularly in February and October, whilst capturing much of the gains during times when markets were rising. Meanwhile, the longer term performance remains excellent in both absolute and relative terms. Since launch on 18 February 2009 to 31 October 2018, the Vanbrugh Fund has achieved a total return of 156.2% compared with a return of 83.9% for the IA Mixed Investment 20-60% Shares Sector and is ranked 3 out of 71 funds in the IA Sector. The continued consistency and quality of the Sub-fund's performance since launch has meant the Sub-fund has maintained an 'A' rating awarded by multi-manager research specialist Scopic Research. The Sub-fund has also been rated '5 Diamond' by Defaqto, which is their highest rating.

We were delighted that the Vanbrugh Fund won Best Mixed Asset Lower Risk Fund at the Money Observer Fund Awards 2018. We are keen to stress that we see this recognition in the form of ratings and awards as being not the end of a journey, but rather a solid base from which to build on further.

For the six-month period to 31 October 2018, Vanbrugh generated income of 1.1160 pence per C Income share (pps), going ex-dividend on 1 November with the income paid to income shareholders at the end of December 2018. This distribution together with the last dividend (0.6955 pps) amounts to an annualised yield of 1.46% based on the price at 1 November 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 November 2018. However, The MI Hawksmoor Distribution Fund is available for investors wanting a higher income strategy and who are prepared to accept a greater level of risk with their investment, while continuing to access a similar investment philosophy.

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

### Portfolio Review

The period under review was characterised by a surfeit of both new investment trusts seeking to raise money through initial public offerings (IPOs), and existing investment trusts looking to raise money through secondary issuances and C shares. Whilst there were a number of opportunities we deemed attractive and decided to support, there were a far greater number that we passed on. In the early months of the period under review, as financial markets continued to rise we continued a trend of steadily reducing the Sub-fund's exposure to investments dependent on the general direction of mainstream assets and seeking out more idiosyncratic investment opportunities. Following a long period of due diligence, we introduced two small positions in Vanbrugh in managed future funds in November 2017. The thesis for introducing Garraway Financial Trends and Natixis ASG Managed Futures centred on our desire to find an asset class that would likely provide effective diversification in a period of sustained weakness in global asset prices. We also introduced Artemis Pan-European Absolute Return, a fund we expect to be able to generate positive absolute returns independently of broader market moves.

As part of our continued move to reduce risk from Vanbrugh, we sold our position in India Capital Growth after a strong run up in the share price of the trust. In addition, we sold our position in the private equity fund Pantheon International, but maintained exposure to the asset class via holdings in HgCapital Trust and ICG Enterprise Trust. We said a fond farewell to Taliesin Property, as the German residential property specialist trust was bought out at an attractive price by Blackstone Group. TB Amati UK Smaller Companies and Downing Strategic Micro-Cap Investment Trust were both sold, the former on valuation concerns with the fund focused on expensive growth names and the latter at a premium to net asset value as we concentrated our position in the open-ended MI Downing UK Micro Cap Growth, run by the same team. Other disposals included selling Woodford Patient Capital Trust on concerns over the high concentration in names dependent on binary events. We exited BH Global, taking profit after the discount narrowed and TwentyFour Income as part of a wider shift in our fixed income exposure. We sold RWC Global Convertibles, concentrating our convertible bond exposure into Polar Capital Global Convertible.

## Investment Manager's Report

continued

Much of our activity was conducted in the closed-ended investment trust universe. We use closed-ended vehicles to gain access to asset classes that cannot be accessed via the open-ended space such as private equity and loans, or to those that should not be, such as physical property. One theme that has continued to gain prominence in our Sub-fund over the past couple of years has been our movement away from traditional areas of bond markets towards more niche fixed income assets including asset backed lending and project finance, which offer far better risk return prospects. In keeping with this theme, we further reduced our exposure to more mainstream fixed income assets by reducing our position in M&G UK Inflation Linked Corporate Bond and exiting our position in Barings European High Yield Bond. We introduced Semper Total Return, which invests in US mortgage backed securities and, early in the period under review, we also introduced a position in Muzinich Asia Credit Opportunities which invests in investment grade Asian corporate bonds and offers a greater yield than comparable US corporate bonds, but crucially for lower interest rate risk and lower credit risk.

We supported three new investment trust IPO's during the period under review all with an over-arching theme of backing talented management teams. Odyssean Investment Trust was introduced in April. The trust is managed by Stuart Widdowson who has a long and successful track record of investing in UK smaller companies, doing so with a private equity style approach. Prashant Khemka has assembled some of the best analysts in the industry at his new firm White Oak Capital Management to work on the Ashoka India Equity Investment Trust, a high conviction unconstrained portfolio investing in Indian equities. The fee structure ensures they only get paid if they outperform the wider market and we have high conviction in their alpha generating ability in the long run. Finally, we supported the launch of the Mobius Investment Trust. Whilst Mobius Partners is a new company, the managers are old hands and have built excellent track records over their careers which they hope they will be able to continue to build on.

Following market falls, we increased our long exposure to UK equities via the introduction of a holding in Artemis Alpha Trust. The trust has been going through a transition period under manager Kartik Kumar, who is young, talented and focused on delivering strong investment returns. In addition, we also added to our favoured open-ended UK focused funds Man GLG Undervalued Assets and Polar Capital UK Value Opportunities. These additions were funded in part by selling our position in Janus Henderson UK Absolute Return. We also introduced a new position in Tufton Oceanic Assets, which leases out ships that it owns.

### Investment Outlook

It is probably no coincidence that the worst month for investment returns in mainstream financial markets since the global financial crisis (GFC), experienced in October this year, occurred on the back of the first month since the GFC that the world's three leading central banks in aggregate have moved from quantitative easing to quantitative tightening. The unprecedented central bank support for financial markets since 2009 has swamped markets with liquidity and buoyed asset prices with the notion that interest rates will remain lower not just for longer, but indefinitely. It comes as no surprise that as this liquidity is withdrawn and major central banks continue to raise interest rates that asset prices must be re-assessed. However, global debt levels remain greater than at the height of the GFC, both in absolute terms and relative to global GDP, which may serve to put a cap on how high interest rates go. Recent market movements have created some pockets of value, and it is in these areas that we will look to focus our attention. However, it remains the case that many financial assets continue to look expensive, with government bonds in many developed nations continuing to offer negative real yields if held to maturity.

Whilst we have sought to reduce risk in our Vanbrugh fund for a number of years, we have always been keen to stress to our investors that Vanbrugh is not an absolute return fund. We will always be fully invested with managers that we have the highest degree of conviction in, offering greatest exposure to assets that in our assessment offer attractive risk reward prospects combined with a margin of safety. We continue to seek to ensure that our Sub-fund is well diversified, with a portion of the portfolio designed to help defend capital during times of market stress. Whilst recent market moves have brought a degree of value back into more traditional areas of markets, we continue to find some of the most attractive opportunities in niche, more idiosyncratic areas. We hope these investments will continue to deliver an attractive level of return over the long run for our investors in a way that is uncorrelated to broader financial market movements.

## Investment Manager's Report

continued

More information about The Vanbrugh Fund can be found on the Hawksmoor website [www.hawksmoorim.co.uk](http://www.hawksmoorim.co.uk) including monthly factsheets and quarterly reports which give more details of the investments in the portfolio and how they have changed over the period covered by this 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 [hannah.isaac@hawksmoorfm.co.uk](mailto:hannah.isaac@hawksmoorfm.co.uk) and we will be pleased to add your email address to our distribution list.

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

Daniel Lockyer, Richard Scott, Ben Conway  
Hawksmoor Investment Management Ltd  
31 December 2018

## Portfolio Statement

as at 31 October 2018

Holding	Security	Market value £	% of total net assets 2018
<b>Absolute Return 9.57% (13.15%)</b>			
1,700,000	Artemis Pan-European Absolute Return - I Accumulation*	2,104,430	1.53
11,500,000	Jupiter Absolute Return - I Accumulation*	6,457,250	4.69
2,750,000	Merian Global Equity Absolute Return - R GBP Hedged Accumulation*	4,620,275	3.35
		<b>13,181,955</b>	<b>9.57</b>
<b>Alternatives 3.65% (4.15%)</b>			
615,000	Polar Capital Global Convertible - I GBP Distribution*	5,024,550	3.65
<b>Biotechnology 0.96% (1.31%)</b>			
75,000	Polar Capital Biotechnology - I GBP Income*	1,317,750	0.96
<b>Commodity 4.40% (6.13%)</b>			
1,600,000	LF Ruffer Gold - I Accumulation*	2,160,160	1.57
350,000	Merian Gold & Silver - U1 GBP Accumulation*	3,902,675	2.83
		<b>6,062,835</b>	<b>4.40</b>
<b>Emerging Market Equity 2.24% (1.13%)</b>			
1,270,000	Jupiter Emerging & Frontier Income Trust	1,117,600	0.81
2,100,000	Mobius Investment Trust	1,965,600	1.43
		<b>3,083,200</b>	<b>2.24</b>
<b>Far East Equity 3.03% (3.98%)</b>			
1,000,000	Ashoka India Equity Investment Trust	850,000	0.61
100,000	Guinness Asian Equity Income - Z GBP Distribution*	1,489,610	1.08
930,000	Hermes Asia Ex Japan Equity - F GBP Income*	1,844,283	1.34
		<b>4,183,893</b>	<b>3.03</b>
<b>Fixed Interest 28.60% (29.38%)</b>			
33,000	Ashmore Emerging Markets Total Return - I GBP Income*	2,927,760	2.13
20,000	Ashmore Emerging Short Duration (GBP Hedged) - Z GBP Income*	1,942,600	1.41
2,650,000	GCP Asset Backed Income	2,756,000	2.00
795,000	GCP Asset Backed Income - C	795,000	0.58
2,400,000	GCP Infrastructure Investments	3,009,600	2.18
2,400,000	ICG-Longbow Senior Secured UK Property Debt Investments	2,412,000	1.75
2,150,000	M&G Global Macro Bond - I GBP Income*	2,731,360	1.98
2,300,000	M&G UK Inflation Linked Corporate Bond - I GBP Income*	2,673,520	1.94
45,000	MI TwentyFour Investment Funds - Monument Bond - I Income*	5,038,799	3.66
40,000	Muzinich Asia Credit Opportunities - Hedged GBP Income Founder*	3,753,600	2.72
2,099,199	RM Secured Direct Lending	2,120,191	1.54
4,000,000	Royal London Short Duration Global High Yield Bond - Z Income*	3,522,000	2.56
3,000,000	Schroder Strategic Credit - L Income*	2,858,700	2.08
27,000	Sempur Total Return	2,846,880	2.07
		<b>39,388,010</b>	<b>28.60</b>
<b>Global Equity 4.75% (6.05%)</b>			
2,300,000	Artemis Global Select - I Accumulation*	2,541,500	1.85
800,000	Polar Capital Insurance- I GBP Income*	3,990,480	2.90
		<b>6,531,980</b>	<b>4.75</b>

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2018
<b>Japanese Equity 4.26% (4.60%)</b>			
2,250,000	Baillie Gifford Japanese Income Growth - B Income*	3,012,750	2.19
3,150,000	Jupiter Japan Income - I Income*	2,856,105	2.07
		<b>5,868,855</b>	<b>4.26</b>
<b>Multi Asset 3.76% (1.38%)</b>			
1,300	Garraway Financial Trends - A GBP Hedged Accumulation*	1,194,799	0.87
1,026,003	Henderson Alternative Strategies Trust	2,790,728	2.02
12,500	Natixis ASG Managed Futures*	1,198,125	0.87
		<b>5,183,652</b>	<b>3.76</b>
<b>Private Equity 3.87% (4.69%)</b>			
88,000	HgCapital Trust	1,724,800	1.25
250,000	ICG Enterprise Trust	2,070,000	1.50
850,000	Oakley Capital Investments**	1,530,000	1.12
		<b>5,324,800</b>	<b>3.87</b>
<b>Property 14.94% (11.10%)</b>			
2,100,000	AEW UK Long Lease REIT	1,881,600	1.37
2,600,000	Civitas Social Housing - C	2,633,800	1.91
2,000,000	Impact Healthcare REIT	2,040,000	1.48
2,086,129	LXi REIT	2,461,632	1.79
1,410,000	Phoenix Spree Deutschland	5,118,300	3.72
3,281,830	PRS REIT	3,298,239	2.39
910,000	Tufton Oceanic Assets - C	740,706	0.54
2,500,000	Warehouse REIT**	2,400,000	1.74
		<b>20,574,277</b>	<b>14.94</b>
<b>United Kingdom Equity 9.11% (7.88%)</b>			
600,000	Artemis Alpha Trust	1,764,000	1.28
2,500,000	Man GLG Undervalued Assets - D Income*	3,482,500	2.53
1,000,000	MI Downing UK Micro Cap Growth - B Accumulation*	1,923,075	1.39
1,300,000	Odyssean Investment Trust	1,293,500	0.94
375,000	Polar Capital UK Value Opportunities Fund GBP - Income*	4,087,500	2.97
		<b>12,550,575</b>	<b>9.11</b>
	<b>Investment assets</b>	<b>128,276,332</b>	<b>93.14</b>
	<b>Net other assets</b>	<b>9,450,340</b>	<b>6.86</b>
	<b>Net assets</b>	<b>137,726,672</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.

## Comparative Tables

### Change in net assets per share

	A Income GBP		
	31.10.18 p	31.10.17 p	31.10.16 p
<b>Opening net asset value per share</b>	218.18	204.10	183.63
Return before operating charges <sup>^</sup>	1.93	21.74	28.17
Operating charges	-4.95	-4.94	-4.60
Return after operating charges <sup>^</sup>	-3.02	16.80	23.57
Distributions	-2.34	-2.72	-3.10
<b>Closing net asset value per share</b>	<b>212.82</b>	<b>218.18</b>	<b>204.10</b>
<sup>^</sup> After direct transaction costs of	-0.11	-0.17	-0.17
<b>Performance</b>			
Return after charges	-1.38%	8.23%	12.84%
<b>Other information</b>			
Closing net asset value	£127,610	£192,946	£257,440
Closing number of shares	59,961	88,433	126,137
Operating charges	2.26%	2.33%	2.42%
Ongoing operating charges*	2.26%	2.31%	2.36%
Direct transaction costs	0.05%	0.08%	0.09%
<b>Prices</b>			
Highest share price	223.00	220.33	206.85
Lowest share price	213.64	201.49	176.34

	A Accumulation GBP		
	31.10.18 p	31.10.17 p	31.10.16 p
<b>Opening net asset value per share</b>	151.70	140.07	123.91
Return before operating charges <sup>^</sup>	1.36	15.03	19.28
Operating charges	-3.45	-3.40	-3.12
Return after operating charges <sup>^</sup>	-2.09	11.63	16.16
Distributions	-1.64	-1.87	-2.23
Retained distributions on accumulation shares	1.64	1.87	2.23
<b>Closing net asset value per share</b>	<b>149.61</b>	<b>151.70</b>	<b>140.07</b>
<sup>^</sup> After direct transaction costs of	-0.08	-0.12	-0.12
<b>Performance</b>			
Return after charges	-1.38%	8.30%	13.04%
<b>Other information</b>			
Closing net asset value	£159,953	£181,873	£354,152
Closing number of shares	106,912	119,889	252,834
Operating charges	2.26%	2.33%	2.42%
Ongoing operating charges*	2.26%	2.31%	2.36%
Direct transaction costs	0.05%	0.08%	0.09%
<b>Prices</b>			
Highest share price	155.06	152.26	140.67
Lowest share price	149.12	138.38	119.20

## Comparative Tables

continued

### Change in net assets per share

	B Income GBP		
	31.10.18 p	31.10.17 p	31.10.16 p
<b>Opening net asset value per share</b>	142.69	133.11	119.41
Return before operating charges <sup>^</sup>	1.27	14.23	18.49
Operating charges	-2.53	-2.53	-2.38
Return after operating charges <sup>^</sup>	-1.26	11.70	16.11
Distributions	-1.90	-2.12	-2.41
<b>Closing net asset value per share</b>	<b>139.53</b>	<b>142.69</b>	<b>133.11</b>
<sup>^</sup> After direct transaction costs of	-0.07	-0.11	-0.11
<b>Performance</b>			
Return after charges	-0.88%	8.79%	13.49%
<b>Other information</b>			
Closing net asset value	£5,824,519	£6,905,567	£6,801,690
Closing number of shares	4,174,446	4,839,699	5,109,965
Operating charges	1.76%	1.83%	1.92%
Ongoing operating charges*	1.76%	1.81%	1.86%
Direct transaction costs	0.05%	0.08%	0.09%
<b>Prices</b>			
Highest share price	145.98	144.25	134.85
Lowest share price	140.25	131.51	115.03

	B Accumulation GBP		
	31.10.18 p	31.10.17 p	31.10.16 p
<b>Opening net asset value per share</b>	156.91	144.18	126.91
Return before operating charges <sup>^</sup>	1.40	15.49	19.81
Operating charges	-2.79	-2.76	-2.54
Return after operating charges <sup>^</sup>	-1.39	12.73	17.27
Distributions	-2.10	-2.30	-2.59
Retained distributions on accumulation shares	2.10	2.30	2.59
<b>Closing net asset value per share</b>	<b>155.52</b>	<b>156.91</b>	<b>144.18</b>
<sup>^</sup> After direct transaction costs of	-0.08	-0.12	-0.12
<b>Performance</b>			
Return after charges	-0.89%	8.83%	13.61%
<b>Other information</b>			
Closing net asset value	£6,043,732	£5,060,031	£4,374,928
Closing number of shares	3,886,065	3,224,831	3,034,389
Operating charges	1.76%	1.83%	1.92%
Ongoing operating charges*	1.76%	1.81%	1.86%
Direct transaction costs	0.05%	0.08%	0.09%
<b>Prices</b>			
Highest share price	160.53	157.47	144.78
Lowest share price	154.82	142.50	122.28

## Comparative Tables

continued

### Change in net assets per share

	B Accumulation EUR		
	31.10.18 €c	31.10.17 €c	31.10.16 €c
<b>Opening net asset value per share</b>	132.95	119.08	131.25
Return before operating charges <sup>^</sup>	-0.25	15.89	-10.11
Operating charges	-2.01	-2.02	-2.06
Return after operating charges <sup>^</sup>	-2.26	13.87	-12.17
Distributions	-1.94	-2.15	-2.43
Retained distributions on accumulation shares	1.94	2.15	2.43
<b>Closing net asset value per share</b>	<b>130.69</b>	<b>132.95</b>	<b>119.08</b>
<sup>^</sup> After direct transaction costs of	-0.07	-0.10	-0.11
<b>Performance</b>			
Return after charges	-1.70%	11.65%	-9.27%
<b>Other information</b>			
Closing net asset value	€6,754,639	€6,762,086	€5,762,294
Closing number of shares	5,168,281	5,086,255	4,839,057
Operating charges	1.51%	1.58%	1.67%
Ongoing operating charges*	1.51%	1.56%	1.61%
Direct transaction costs	0.05%	0.08%	0.09%
<b>Prices</b>			
Highest share price	136.28	133.32	134.28
Lowest share price	129.84	118.53	116.23

The foreign exchange rate used to calculate net asset value and net distribution per share as at 31 October 2018 was €1.1277.

	C Income GBP		
	31.10.18 p	31.10.17 p	31.10.16 p
<b>Opening net asset value per share</b>	123.99	115.50	103.49
Return before operating charges <sup>^</sup>	1.11	12.38	16.04
Operating charges	-1.89	-1.90	-1.79
Return after operating charges <sup>^</sup>	-0.78	10.48	14.25
Distributions	-1.81	-1.99	-2.24
<b>Closing net asset value per share</b>	<b>121.40</b>	<b>123.99</b>	<b>115.50</b>
<sup>^</sup> After direct transaction costs of	-0.06	-0.10	-0.10
<b>Performance</b>			
Return after charges	-0.63%	9.07%	13.77%
<b>Other information</b>			
Closing net asset value	£26,853,400	£31,111,592	£20,702,965
Closing number of shares	22,119,923	25,091,656	17,923,921
Operating charges	1.51%	1.58%	1.67%
Ongoing operating charges*	1.51%	1.56%	1.61%
Direct transaction costs	0.05%	0.08%	0.09%
<b>Prices</b>			
Highest share price	126.91	125.41	117.10
Lowest share price	122.10	114.16	99.79



## Comparative Tables

continued

### Change in net assets per share

	C Accumulation GBP		
	31.10.18 p	31.10.17 p	31.10.16 p
<b>Opening net asset value per share</b>	133.20	122.03	107.14
Return before operating charges <sup>^</sup>	1.18	13.19	16.76
Operating charges	-2.03	-2.02	-1.87
Return after operating charges <sup>^</sup>	-0.85	11.17	14.89
Distributions	-1.95	-2.11	-2.39
Retained distributions on accumulation shares	1.95	2.11	2.39
<b>Closing net asset value per share</b>	<b>132.35</b>	<b>133.20</b>	<b>122.03</b>
<sup>^</sup> After direct transaction costs of	-0.07	-0.10	-0.10
<b>Performance</b>			
Return after charges	-0.64%	9.15%	13.90%
<b>Other information</b>			
Closing net asset value	£62,757,524	£47,204,832	£32,229,247
Closing number of shares	47,419,174	35,440,274	26,411,601
Operating charges	1.51%	1.58%	1.67%
Ongoing operating charges*	1.51%	1.56%	1.61%
Direct transaction costs	0.05%	0.08%	0.09%
<b>Prices</b>			
Highest share price	136.34	133.66	122.53
Lowest share price	131.56	120.64	103.31

	D Income GBP		
	31.10.18 p	31.10.17 p	31.10.16 p
<b>Opening net asset value per share</b>	123.99	115.35	103.23
Return before operating charges <sup>^</sup>	1.10	12.38	16.02
Operating charges	-1.58	-1.60	-1.52
Return after operating charges <sup>^</sup>	-0.48	10.78	14.50
Distributions	-1.96	-2.14	-2.38
<b>Closing net asset value per share</b>	<b>121.55</b>	<b>123.99</b>	<b>115.35</b>
<sup>^</sup> After direct transaction costs of	-0.06	-0.10	-0.10
<b>Performance</b>			
Return after charges	-0.39%	9.34%	14.04%
<b>Other information</b>			
Closing net asset value	£29,503,126	£25,758,985	£17,513,247
Closing number of shares	24,272,936	20,775,609	15,182,478
Operating charges	1.26%	1.33%	1.42%
Ongoing operating charges*	1.26%	1.31%	1.36%
Direct transaction costs	0.05%	0.08%	0.09%
<b>Prices</b>			
Highest share price	126.97	125.48	117.01
Lowest share price	122.33	114.03	99.61

## Comparative Tables

continued

### Change in net assets per share

	D Accumulation GBP		
	31.10.18 p	31.10.17 p	31.10.16 p
<b>Opening net asset value per share</b>	128.52	117.51	102.93
Return before operating charges <sup>^</sup>	1.15	12.64	16.11
Operating charges	-1.64	-1.63	-1.53
Return after operating charges <sup>^</sup>	-0.49	11.01	14.58
Distributions	-2.05	-2.18	-2.38
Retained distributions on accumulation shares	2.05	2.18	2.38
<b>Closing net asset value per share</b>	<b>128.03</b>	<b>128.52</b>	<b>117.51</b>
<sup>^</sup> After direct transaction costs of	-0.06	-0.10	-0.10
<b>Performance</b>			
Return after charges	-0.38%	9.37%	14.16%
<b>Other information</b>			
Closing net asset value	£467,060	£160,205	£34,836
Closing number of shares	364,812	124,652	29,644
Operating charges	1.26%	1.33%	1.42%
Ongoing operating charges*	1.26%	1.31%	1.36%
Direct transaction costs	0.05%	0.08%	0.09%
<b>Prices</b>			
Highest share price	131.61	128.96	118.00
Lowest share price	127.07	115.96	99.32

\*The ACD believes this to be representative of the charges going forwards.

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 against the average net asset value for the accounting year.

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, the expenses incurred by these schemes in relation to the Sub-fund (synthetic ongoing charge) are included within the operating charges.

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 year. The figures used within the table have been calculated against the average net asset value for the accounting year.

## 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 year ended 31 October 2018

	Note	£	31.10.18 £	£	31.10.17 £
Income					
Net capital (losses)/gains	2		(2,479,460)		8,292,196
Revenue	3	2,822,758		2,554,990	
Expenses	4	(1,271,917)		(1,089,592)	
Interest payable and similar charges	4	—		—	
Net revenue before taxation		1,550,841		1,465,398	
Taxation	5	—		—	
Net revenue after taxation			1,550,841		1,465,398
<b>Total return before distributions</b>			<b>(928,619)</b>		<b>9,757,594</b>
Distributions	6		(1,956,266)		(1,828,206)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(2,884,885)</b>		<b>7,929,388</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2018

	£	31.10.18 £	£	31.10.17 £
<b>Opening net assets attributable to Shareholders</b>		<b>122,508,206</b>		<b>87,442,048</b>
Amounts receivable on issue of shares	48,781,770		57,221,705	
Less: Amounts payable on cancellation of shares	(31,737,407)		(30,979,627)	
		17,044,363		26,242,078
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(2,884,885)		7,929,388
Retained distributions on accumulation shares		1,058,988		894,692
<b>Closing net assets attributable to Shareholders</b>		<b>137,726,672</b>		<b>122,508,206</b>

The notes on pages 20 to 30 form an integral part of these Financial Statements.

## Balance Sheet

as at 31 October 2018

	Note	£	31.10.18 £	£	31.10.17 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			128,276,332		116,297,575
<b>Current Assets</b>					
Debtors	7	4,520,107		671,172	
Cash and bank balances	9	7,241,106		6,318,472	
<b>Total current assets</b>			<b>11,761,213</b>		<b>6,989,644</b>
<b>Total assets</b>			<b>140,037,545</b>		<b>123,287,219</b>
<b>LIABILITIES</b>					
Investment liabilities			–		–
<b>Creditors</b>					
Distribution payable		(588,100)		(519,910)	
Other creditors	8	(1,722,773)		(259,103)	
<b>Total creditors</b>			<b>(2,310,873)</b>		<b>(779,013)</b>
<b>Total liabilities</b>			<b>(2,310,873)</b>		<b>(779,013)</b>
<b>Net assets attributable to Shareholders</b>			<b>137,726,672</b>		<b>122,508,206</b>

The notes on pages 20 to 30 form an integral part of these Financial Statements.

## Notes to the Financial Statements

for the year ended 31 October 2018

### 1. Accounting Policies

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 and the Statement of Recommended Practice (“SORP”) for Financial Statements of UK Authorised Funds issued by the Investment Association (IA) in May 2014.

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

The authorised Status and head office of the Sub-fund can be found within the general information starting on page 72.

The Certification of the Annual Report by the Authorised Corporate Director can be found on page 2.

#### (b) Recognition of revenue

Revenue is included in the Statement of Total Return on the following basis:

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment and does not form part of the distributable revenue.

Any reported revenue from an offshore reporting fund is recognised as revenue no later than the date on which the reporting fund makes the information available.

Interest on bank and short-term deposits is recognised on an earned basis.

All revenue includes withholding taxes but excludes irrecoverable tax credits.

#### (c) Treatment of stock and special dividends

The ordinary element of stocks received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. The tax accounting treatment follows the treatment of the principal amount.

#### (d) Treatment of expenses

All expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, are charged against revenue for the year on an accruals basis.

#### (e) Allocation of revenue and expenses to multiple share classes and Sub-funds

Any revenue or expense not directly attributable to a particular Sub-fund will normally be allocated pro-rata to the net assets of the relevant share classes and Sub-funds on the day that the revenue or expense is recognised.

With the exception of the Investment Manager’s fee which is directly attributable to individual share classes, all revenue and expenses are apportioned to the Sub-fund’s share classes pro-rata to the value of the net assets of the relevant share class on the day that the revenue or expense is recognised.

#### (f) Taxation

Corporation tax is provided at 20% on revenue, after deduction of expenses.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Stamp duty reserve tax suffered on surrender of shares is deducted from capital.

## Notes to the Financial Statements

continued

### 1. Accounting Policies (continued)

#### (g) Distribution policy

The net revenue after taxation as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to Shareholders as dividend distributions. Any revenue deficit is funded from capital.

Interim distributions may be made at the Investment Manager's discretion and the balance of revenue is distributed in accordance with the regulations.

For the MI Hawksmoor Vanbrugh Sub-fund for the purpose of enhancing revenue entitlement, all expenses (except for those relating to the purchase and sale of investments and stamp duty reserve tax), are charged equally between revenue and capital. This will reduce the capital growth of the Sub-fund.

For the MI Hawksmoor Distribution Sub-fund, all expenses (including those relating to the purchase and sale of investments and stamp duty reserve tax) are charged fully to capital for the year on an accruals basis. This will reduce the capital growth of the Sub-fund.

For the MI Hawksmoor Global Opportunities Sub-fund, all expenses (except for those relating to the purchase and sale of investments and stamp duty reserve tax) are charged against revenue for the period.

Distributions not claimed within a six year period will be forfeited and added back to the capital of the Sub-fund.

#### (h) Basis of valuation of investments

Listed investments are valued at close of business bid prices on the last business day of the accounting year excluding any accrued interest in the case of fixed and floating rate interest securities.

Collective investment schemes are valued at quoted bid price for dual priced funds and at quoted price for single priced funds, on the last business day of the accounting period.

Unlisted or suspended investments are valued by the Investment Manager taking into account where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

The fair value of open forward foreign currency contracts is calculated with reference to the changes in the spot rate, changes in interest rate differential and the reduced term left to maturity.

Market value is defined by the SORP as fair value, which generally is the bid value of each security.

#### (i) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the closing exchange rates ruling on that date.

#### (j) Dilution levy

The Authorised Corporate Director may require a dilution levy on the purchase and redemption of shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the scheme property is in continual decline; on a Sub-fund experiencing large levels of net sales relative to its size; on 'large deals' (typically being a purchase or redemption of Shares to a size exceeding 5% of the Net Asset Value of the Company; in any case where the Authorised Corporate Director is of the opinion that the interests of remaining shareholders require the imposition of a dilution levy.

## Notes to the Financial Statements

continued

<b>2. Net Capital (Losses)/Gains</b>	<b>31.10.18</b>	<b>31.10.17</b>
	£	£
Non-derivative securities	(2,460,097)	8,302,720
Currency (losses)/gains	(7,577)	1,038
Transaction charges	(11,786)	(11,562)
<b>Net capital (losses)/gains</b>	<b>(2,479,460)</b>	<b>8,292,196</b>
<b>3. Revenue</b>	<b>31.10.18</b>	<b>31.10.17</b>
	£	£
UK dividends: Ordinary	284,921	40,338
Overseas franked dividends	488,934	666,548
Property Income Distributions	333,612	173,584
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	191,055	262,808
Overseas franked investment income	185,410	130,664
Interest distributions	1,125,728	1,177,772
Bank interest	196	1,376
Interest distributions from other investment funds	212,902	101,900
<b>Total revenue</b>	<b>2,822,758</b>	<b>2,554,990</b>



## Notes to the Financial Statements

continued

<b>4. Expenses</b>	<b>31.10.18</b>	<b>31.10.17</b>
	<b>£</b>	<b>£</b>
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	124,491	109,588
Registration fees	102,817	104,948
	<u>227,308</u>	<u>214,536</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	959,375	801,307
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	43,628	38,290
Safe custody and other bank charges	16,722	15,517
	<u>60,350</u>	<u>53,807</u>
Other expenses:		
Audit fee (including VAT)	7,200	7,380
Audit fee (including VAT): taxation services	2,400	1,500
FCA fee	–	156
Legal fees	10,151	8,010
Printing costs	5,133	2,896
	<u>24,884</u>	<u>19,942</u>
<b>Expenses</b>	<b>1,271,917</b>	<b>1,089,592</b>
Interest payable and similar charges	–	–
<b>Total</b>	<b>1,271,917</b>	<b>1,089,592</b>

## Notes to the Financial Statements

continued

5. Taxation	31.10.18 £	31.10.17 £
(a) Analysis of charge in the year:		
<b>Total tax charge (note 5b)</b>	–	–
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	1,550,841	1,465,398
Corporation tax at 20%	310,168	293,080
Effects of:		
UK dividends	(95,195)	(60,629)
Adjustments in respect of prior periods	23,215	–
Movement in surplus management expenses	(103,319)	(73,009)
Non-taxable overseas earnings	(134,869)	(159,442)
<b>Total tax charge (note 5a)</b>	–	–

### (c) Deferred tax

At the year end there is a potential deferred tax asset of £16,310 (2017: £119,629) in relation to surplus management expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

## 6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

		31.10.18 £	31.10.17 £
Interim distribution	30.04.18	753,117	943,501
Final distribution	31.10.18	1,272,187	977,947
		2,025,304	1,921,448
Revenue deducted on cancellation of shares		150,283	136,281
Revenue received on issue of shares		(219,321)	(229,523)
<b>Distributions</b>		<b>1,956,266</b>	<b>1,828,206</b>

### Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		1,550,841	1,465,398
Expenses allocated to capital		635,958	544,796
Relief on expenses allocated to capital		(207,295)	(181,967)
Relief on expenses allocated to capital prior year adjustment		(23,215)	–
Undistributed revenue brought forward		49	28
Undistributed revenue carried forward		(72)	(49)
<b>Distributions</b>		<b>1,956,266</b>	<b>1,828,206</b>

## Notes to the Financial Statements

continued

<b>7. Debtors</b>	<b>31.10.18</b>	<b>31.10.17</b>
	<b>£</b>	<b>£</b>
Amounts receivable on issues	1,007,751	428,555
Sales awaiting settlement	3,272,000	–
Accrued income:		
Dividends receivable	215,214	191,183
Income tax recoverable	21,795	47,857
Prepaid expenses:		
KIID fee	3,347	3,577
<b>Total debtors</b>	<b>4,520,107</b>	<b>671,172</b>
<b>8. Other Creditors</b>	<b>31.10.18</b>	<b>31.10.17</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	347,992	151,195
Purchases awaiting settlement	1,254,031	–
Accrued expenses:		
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	10,875	9,877
Registration fee	8,129	8,651
	19,004	18,528
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	83,952	74,732
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	3,672	6,728
Safe custody and other bank charges	1,422	2,676
	5,094	9,404
Other expenses:		
Audit fee (including VAT)	7,200	–
Audit fee (including VAT): taxation services	3,600	3,000
Legal fees	–	944
Printing costs	1,900	1,300
	12,700	5,244
<b>Total other creditors</b>	<b>1,722,773</b>	<b>259,103</b>

## Notes to the Financial Statements

continued

<b>9. Cash and Bank Balances</b>	<b>31.10.18</b>	<b>31.10.17</b>
	£	£
Cash and bank balances	7,241,106	6,318,472
<b>Cash and bank balances</b>	<b>7,241,106</b>	<b>6,318,472</b>

### 10. Related Party Transactions

Authorised Corporate Director and other fees payable to Maitland Institutional Services Ltd (the ACD) are disclosed in note 4 and amounts due at the year end are shown in note 8.

Fees payable to Hawksmoor Investment Management Limited (the Investment Manager) are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the MI Hawksmoor Open Ended Investment Company Funds.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2017: none).

### 12. Risk Management Policies and Disclosures

In pursuing its investment objectives, the Sub-fund may hold a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from the Sub-fund's operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued revenue.

In doing so, the ACD accepts market price risk in relation to the investment portfolio.

The Sub-fund may also enter into a range of derivative transactions whose purpose is efficient portfolio management. In addition the Sub-fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD.

The risks arising from financial instruments and the ACD's policies for the monitoring and managing of these risks are stated below in accordance with the Risk Management Policy of the ACD.

These policies have been consistent for both years through which these financial statements relate.

#### Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements. This means the value of an investor's holding may go down as well as up and an investor may not recover the amount invested. Investors should consider the degree of exposure of the Sub-fund in the context of all their investments.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD as per the policies as set out in the Prospectus. The investment guidelines and investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the Financial Conduct Authority's Collective Investment Schemes Sourcebook describe the nature of the market risk to which the Sub-fund will be exposed.

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £12,827,633 (2017: £11,629,758).

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures (continued)

#### Currency risk

Although the Sub-fund's capital and income are denominated in sterling, a proportion of the Sub-fund's investments may have currency exposure and, as a result, the income and capital value of the Sub-fund are affected by currency movements.

Currency risk is the risk that the value of the Sub-fund's investments will fluctuate as a result of changes in currency exchange rates. For Funds where a proportion of the net assets of the Fund is denominated in currencies other than sterling, the balance sheet can be affected by movements in exchange rates. The ACD monitors the currency exposure of the Sub-fund and may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies.

The table below details the currency risk profile at the balance sheet date.

31.10.18

Currency	Total £
Canadian dollar	3,902,675
Japanese yen	5,868,855
Pound sterling	97,020,231
United States dollar	30,934,911
	<b>137,726,672</b>

There is no material foreign currency exposure for the prior year.

#### Interest rate risk

Interest rate risk is the risk that the value of the Sub-fund's investments will fluctuate as a result of changes in interest rates. The Sub-fund may invest in fixed and floating rate securities and schemes that invest in fixed or floating rate securities. The revenue of these Funds may be affected by changes in interest rates relevant to particular securities or as a result of the ACD being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

The table below details the interest rate risk profile at the balance sheet date:

31.10.18

Currency	Floating rate financial assets £	Assets on which interest distributions are paid £	Assets on which interest distributions are not paid <sup>^</sup> £	Total £
Canadian dollar	–	–	3,902,675	3,902,675
Japanese yen	–	–	5,868,855	5,868,855
Pound sterling	7,241,106	19,440,560	72,649,438	99,331,104
United States dollar	–	13,970,600	16,964,311	30,934,911
	<b>7,241,106</b>	<b>33,411,160</b>	<b>99,385,279</b>	<b>140,037,545</b>

Currency	Financial liabilities not carrying interest £	Total £
Pound sterling	2,310,873	2,310,873
	<b>2,310,873</b>	<b>2,310,873</b>

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures (continued)

#### Interest rate risk (continued)

31.10.17

Currency	Floating rate financial assets £	Assets on which interest distributions are paid £	Assets on which interest distributions are not paid <sup>^</sup> £	Total £
Pound sterling	6,318,472	34,161,669	82,807,078	123,287,219
	<b>6,318,472</b>	<b>34,161,669</b>	<b>82,807,078</b>	<b>123,287,219</b>

Currency	Financial liabilities not carrying interest £	Total £
Pound sterling	779,013	779,013
	<b>779,013</b>	<b>779,013</b>

<sup>^</sup> Comprises of Equity Shares which receive dividend revenue and debtors.

#### Credit risk

Credit risk arises from two main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, there is the possibility of default of the issuer and default in the underlying assets of a Collective Investment Scheme, meaning that a sub-fund may not receive back the full principal originally invested. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer or scheme can limit credit risk.

There are no net borrowings or unlisted securities and the ACD considers that the Sub-fund has little exposure to credit risk.

#### Liquidity risk

Liquidity risk is the risk that a Sub-fund cannot raise sufficient cash to meet its liabilities when due. One of the key factors influencing this will be the ability to sell investments at, or close to, the fair value without a significant loss being realised.

Under normal circumstances, a Sub-fund will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of redemptions in the Sub-fund, the Sub-fund may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of shares.

The ACD considers that there is little exposure to liquidity risk.

#### Counterparty risk

The risk that the counterparty will not deliver the investments for a purchase or the cash for a sale after the Sub-fund has fulfilled its responsibilities which could result in the Sub-fund suffering a loss. The Investment Manager minimises the risk by conducting trades through only the most reputable counter parties.

#### Fair value of financial assets and liabilities

Investments disclosed as at the balance sheet date are at fair value. Current assets and liabilities disclosed in the balance sheet are at amortised cost which is approximate to fair value.

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

31.10.18

Analysis of purchases	Net purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	24,041,259	14,379	0.06	40,425	0.17	23,986,455
Funds	24,694,745	–	0.00	–	0.00	24,694,745
Corporate actions	1,240,544	–	0.00	–	0.00	1,240,544
<b>Total purchases after commissions and tax</b>	<b>49,976,548</b>					

  

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	12,919,018	13,548	0.10	28	0.00	12,932,594
Funds	22,618,676	–	0.00	–	0.00	22,618,676
<b>Total sales after commissions and tax</b>	<b>35,537,694</b>					

Commission as a % of average net assets 0.02%  
Taxes as a % of average net assets 0.03%

31.10.17

Analysis of purchases	Net purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	28,400,402	24,830	0.09	27,088	0.10	28,348,484
Funds	36,861,776	–	0.00	9	0.00	36,861,767
Corporate actions	600,000	–	0.00	–	0.00	600,000
<b>Total purchases after commissions and tax</b>	<b>65,862,178</b>					

  

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	39,106,845	40,625	0.10	62	0.00	39,147,532
<b>Total sales after commissions and tax</b>	<b>39,106,845</b>					

Commission as a % of average net assets 0.06%  
Taxes as a % of average net assets 0.02%

Commissions and taxes as a % of the average net assets form part of the direct transactions costs stated within the comparative tables on pages 12 to 17. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

## Notes to the Financial Statements

continued

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 31 October 2018 is 0.47% (2017: 0.37%).

### 15. Fair Value Disclosure

Valuation technique	31.10.18		31.10.17	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	46,773,296	–	36,506,290	–
Level 2 <sup>^^</sup>	81,503,036	–	79,791,285	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>128,276,332</b>	<b>–</b>	<b>116,297,575</b>	<b>–</b>

<sup>^</sup> Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup> Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

<sup>^^^</sup> Level 3: Valuation techniques using unobservable inputs.

### 16. Shareholders Funds

	A Income GBP	A Accumulation GBP	B Income GBP	B Accumulation GBP
Opening number of Shares	88,433	119,889	4,839,699	3,224,831
Shares issued	7,256	–	200,412	1,001,403
Shares cancelled	(35,728)	(12,977)	(861,106)	(283,713)
Shares converted	–	–	(4,559)	(56,456)
<b>Closing number of Shares</b>	<b>59,961</b>	<b>106,912</b>	<b>4,174,446</b>	<b>3,886,065</b>

  

	B Accumulation EUR
Opening number of Shares	5,086,255
Shares issued	453,689
Shares cancelled	(371,663)
Shares converted	–
<b>Closing number of Shares</b>	<b>5,168,281</b>

  

	C Income GBP	C Accumulation GBP	D Income GBP	D Accumulation GBP
Opening number of Shares	25,091,656	35,440,274	20,775,609	124,652
Shares issued	4,971,367	23,841,005	6,490,501	264,325
Shares cancelled	(7,968,033)	(11,910,128)	(2,993,174)	(24,165)
Shares converted	24,933	48,023	–	–
<b>Closing number of Shares</b>	<b>22,119,923</b>	<b>47,419,174</b>	<b>24,272,936</b>	<b>364,812</b>



## Distribution Tables

for the year ended 31 October 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	– <sup>^</sup>
	Final <sup>^</sup>	Group 1	1.5296p	–	1.5296p	1.3448p
		Group 2	–	–	–	–
B GBP	Interim	Group 1	0.7111p	–	0.7111p	1.0697p
		Group 2	0.2792p	0.4319p	0.7111p	1.0697p
	Final	Group 1	1.1936p	–	1.1936p	1.0495p
		Group 2	0.5668p	0.6268p	1.1936p	1.0495p
C GBP	Interim	Group 1	0.6955p	–	0.6955p	1.0027p
		Group 2	0.2577p	0.4378p	0.6955p	1.0027p
	Final	Group 1	1.1160p	–	1.1160p	0.9829p
		Group 2	0.5743p	0.5417p	1.1160p	0.9829p
D GBP	Interim	Group 1	0.7726p	–	0.7726p	1.0724p
		Group 2	0.3361p	0.4365p	0.7726p	1.0724p
	Final	Group 1	1.1968p	–	1.1968p	1.0652p
		Group 2	0.4228p	0.7740p	1.1968p	1.0652p

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

### 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	–	–	–	–
	Final <sup>^</sup>	Group 1	1.0790p	–	1.0790p	0.9230p
		Group 2	–	–	–	–
B GBP	Interim	Group 1	0.7827p	–	0.7827p	1.1625p
		Group 2	0.2018p	0.5809p	0.7827p	1.1625p
	Final	Group 1	1.3194p	–	1.3194p	1.1424p
		Group 2	0.2215p	1.0979p	1.3194p	1.1424p
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
	Final	Group 1	1.1936€ c	–	1.1936€ c	1.0501€ c
		Group 2	0.8211€ c	0.3725€ c	1.1936€ c	1.0501€ c
C GBP	Interim	Group 1	0.7472p	–	0.7472p	1.0613p
		Group 2	0.2993p	0.4479p	0.7472p	1.0613p
	Final	Group 1	1.2071p	–	1.2071p	1.0493p
		Group 2	0.4209p	0.7862p	1.2071p	1.0493p
D GBP	Interim	Group 1	0.8014p	–	0.8014p	1.0928p
		Group 2	0.4960p	0.3054p	0.8014p	1.0928p
	Final <sup>^</sup>	Group 1	1.2507p	–	1.2507p	1.0906p
		Group 2	–	–	–	–

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

Interim period: 01.11.17 - 30.04.18

Final period: 01.05.18 - 31.10.18

## Distribution Tables

continued

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 in these collectives, the portfolio will be exposed to a range of asset classes (such as equities, bonds, property and commodities), underlying currencies, geographic spread and 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 year ended 31 October 2018

### Market Review

The period under review began with a continuation of the serene progress of many financial assets across the globe that had been experienced for many of the past few years, with equity markets rallying particularly strongly into the new year. This progress was brought rapidly to a halt in February and March of this year as growing economic concerns and the potential for a trade war rippled through markets with equity markets in particular experiencing their sharpest falls for two years. The US equity market recovered with the US economy continuing to fire on all cylinders with companies reporting robust corporate earnings, boosted in part by large tax cuts. However, many other developed equity markets continued to languish and moved sideways. Pain was felt most keenly in emerging markets during the summer months. As the US dollar strengthened, old questions about the ability of some emerging market economies to service their dollar denominated debt reared their ugly head. The sell-off in emerging market debt and equity that ensued was further compounded by negative idiosyncratic headlines from countries including Argentina and Turkey, culminating in many emerging equity markets falling sharply, with losses exacerbated by currency weakness. Meanwhile, friction between the US and China grew, culminating in a trade war as tit-for-tat tariffs on a wide range of goods were imposed by both sides. For UK based investors barely a day passed, let alone a week, when the national press were not carrying Brexit headlines. Whilst the outcome of the Brexit deal will undoubtedly have wide ranging repercussions, we will not be changing Distribution's positioning to rely on a binary outcome of the negotiations. One of the characteristics of the Funds that we manage is that we are cognisant of the dangers of excessive home market bias, and instead ensure that we invest across global markets, seeking out areas where we can identify a margin of safety, and which offer the best prospective risk-adjusted returns for our investors.

In local currency terms, UK property was one of the best performing asset classes in the period under review. Property is an asset class that we have increased our exposure to over the last couple of years, though we continue to stress the need for a targeted approach. Whilst property in aggregate has delivered attractive total returns, the underlying drivers of this strong performance have been concentrated in the industrial and warehouse sectors, as retail property has continued to struggle, particularly on the UK high street. The US equity market outperformed all other major equity markets in local currency terms, delivering 6.7% during the year under review. Emerging market equities were the weakest performing asset class, whilst European and Japanese equities were also weak. Strength in the US dollar saw the price of gold fall overall during the period, though this hides a rally experienced during the weaker markets in October as investors looked to increase their exposure to more traditional safe havens. It should not come as a surprise to investors that equity market returns were significantly lower this year than during the previous review period, when all major equity markets delivered returns in excess of 20% in local currency terms. The long term real equity market returns average around 7%, a level that has been far exceeded in the post global financial crisis era. It would not be surprising to see real returns below the long-term average from today. September 2018 was the first month since the financial crisis that in aggregate the world's three leading central banks (Bank of Japan, US Federal Reserve and the European Central Bank (ECB)) moved from quantitative easing to quantitative tightening. It is telling that this period precluded the asset price falls in October, the worst calendar month for returns since a decade ago.

## Investment Manager's Report

continued

### Performance Review and Income Distribution

Against this more testing backdrop, the Distribution Fund generated a small positive return in the year to 31 October 2018 and continued its good performance track record since the launch of the Sub-fund in April 2012. The Sub-fund achieved a total return of 0.2% over the year, compared to the -1.8% average performance of its peer group of funds in the IA Mixed Investment 40-85% Shares Sector. This placed the Sub-fund in the top quartile of its peer group for the period under review. The Sub-fund's outperformance relative to its peer group can largely be attributed to our continued endeavour to generate good risk-adjusted returns given the diminished value offered by most investments relative to their risk. Analysis of the period shows that the outperformance of the peer group was generated by providing better downside protection during times when markets were going through more difficult periods, particularly in February and October, whilst capturing the majority of the upside when markets were stronger. The longer term performance remains excellent in both absolute and relative terms. Since launch on 13 April 2012 to 31 October 2018, the Distribution Fund has achieved a total return of 82.5% compared with a return of 55.9% for the IA Mixed Investment 40-85% Shares Sector and is ranked 7 out of 106 funds in the IA Sector. The Sub-fund has maintained an 'A' rating awarded by multi-manager research specialist Scopic Research and has been rated '5 Diamond' by Defaqto, which is their highest rating.

We were delighted that the Distribution Fund won in the Managed Balanced category at the Investment Week Fund Manager of the Year Awards 2018. We are keen to stress that we see this recognition in the form of ratings and awards as being not the end of a journey, but rather a solid base from which to build on further.

For the 3-month period to 31 October 2018, Distribution generated income of 0.9205 pence per C Income share (pps), going ex-dividend on 1 November with the income paid to income shareholders at the end of December 2018. This distribution together with the last three quarterly dividends (3.2752 pps) amounts to an annualised yield of 3.43% based on the price at 1 November 2017. 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 C Acc share class unless otherwise stated.

### Portfolio Review

The period under review was characterised by a surfeit of both new investment trusts seeking to raise money through initial public offerings (IPOs), and existing investment trusts looking to raise money through secondary issuances and C shares. Whilst there were a number of opportunities we deemed attractive and decided to support, there were a far greater number that we passed on. In the early months of the period under review, as financial markets continued to rise we took profits from those areas where we deemed future prospects had diminished and added to those areas where we see better future prospective returns.

Much of our activity was conducted in the closed-ended investment trust universe. We use closed-ended vehicles to gain access to asset classes that cannot be accessed via the open-ended space, such as private equity and loans, or to those that should not be, such as physical property. One theme that has continued to gain prominence in our Sub-fund over the past couple of years has been our movement away from traditional areas of bond markets towards more niche fixed income assets including asset backed lending and project finance, which offer far better risk return prospects. In keeping with this theme, we further tilted our fixed income assets by exiting our positions in Baring European High Yield Bond, Schroder Strategic Credit, Alcentra European Floating Rate Income and TwentyFour Income. We introduced the open-ended Semper Total Return, which invests in US mortgage backed securities, and Close Select Fixed Income, which is a nimble credit fund. In the closed-ended space we supported a number of secondary placings including ICG Longbow Senior Secured UK Property Debt. We introduced a position in Real Estate Credit Investments, a property debt fund that offers an attractive 7% yield, at a rare small discount to net asset value. In addition, early in the period under review we introduced a position in Muzinich Asia Credit Opportunities. The fund invests in investment grade Asian corporate bonds and offers a greater yield than comparable US corporate bonds, but crucially for lower interest rate risk and lower credit risk.

We made a number of adjustments during the course of the year to our global equity exposure. After a strong run, we sold our positions in Montanaro European Income and Schroder European Alpha Income on growing concerns about valuations in Europe and rising political uncertainty. We sold our position in Guinness Global Equity Income and introduced Merian Global Equity Income to improve the portfolio's diversification characteristics. The value style has underperformed the growth style significantly since the global financial crisis (GFC), and the argument for having greater exposure to managers that invest with a value style became increasingly compelling, as such we introduced a position in Overstone Global Equity Income. Towards

## Investment Manager's Report

continued

the end of the period, we increased our UK equity exposure as parts of the UK market had become depressed, pricing in much of the Brexit outcome uncertainty. As such, we introduced a position in Schroder Income Maximiser, managed by the well-respected value team at Schroders. We also introduced Chelverton UK Dividend Trust at an attractive discount to net asset value (NAV). In September, we supported the IPO of Mobius Investment Trust. Whilst Mobius Partners is a new company, the managers are old hands and have built excellent track records over their careers which we hope they will continue to build on. In time, the trust will look to pay out an attractive 3.5% yield on top of seeking a high level of total returns.

Other activity saw us take part in the secondary placing of PRS REIT and exit our positions in Rights & Issues Investment Trust and BlackRock Frontiers Investment Trust as we sought to de-risk the portfolio earlier in the year. In addition, we said a fond farewell to Taliesin property in March as the portfolio was bought by Blackstone Group at an attractive premium to NAV. We also introduced a new position in Tufton Oceanic Assets, which leases out ships that it owns.

### Investment Outlook

It is probably no coincidence that the worst month for investment returns in mainstream financial markets since the global financial crisis (GFC), experienced in October this year, occurred on the back of the first month since the GFC that the world's three leading central banks in aggregate have moved from quantitative easing to quantitative tightening. The unprecedented central bank support for financial markets since 2009 has swamped markets with liquidity and buoyed asset prices with the notion that interest rates will remain lower not just for longer, but indefinitely. It comes as no surprise that as this liquidity is withdrawn and major central banks continue to raise interest rates that asset prices must be re-assessed. However, global debt levels remain greater than at the height of the GFC, both in absolute terms and relative to global GDP, which may serve to put a cap on how high interest rates go. Recent market movements have created some pockets of value, and it is in these areas that we will look to focus our attention. However, it remains the case that many financial assets continue to look expensive, with government bonds in many developed nations continuing to offer negative real yields if held to maturity.

We will always be fully invested with managers that we have the highest degree of conviction in, offering greatest exposure to assets that in our assessment offer attractive risk reward prospects combined with a margin of safety, ensuring that we are able to deliver an attractive level of income for investors in our Distribution fund. We continue to seek to ensure that our Sub-fund is well diversified by geography, asset class and income stream. Whilst recent market moves have brought a degree of value back into more traditional areas of markets, we continue to find some of the most attractive opportunities in niche, more idiosyncratic areas such as property and unconventional bonds. We hope these investments will continue to deliver an attractive level of total return over the long run for our investors in a way that is lowly correlated to broader financial market movements.

More information about The Distribution Fund can be found on the Hawksmoor website [www.hawksmoorim.co.uk](http://www.hawksmoorim.co.uk) including monthly factsheets and quarterly reports which give more details of the investments in the portfolio and how they have changed over the period covered by this 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 [hannah.isaac@hawksmoorfm.co.uk](mailto:hannah.isaac@hawksmoorfm.co.uk) and we will be pleased to add your email address to our distribution list.

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

Daniel Lockyer, Richard Scott, Ben Conway  
Hawksmoor Investment Management Ltd  
31 December 2018

## Portfolio Statement

as at 31 October 2018

Holding	Security	Market value £	% of total net assets 2018
<b>Alternatives 4.48% (3.08%)</b>			
750,000	Polar Capital Global Convertible - I GBP Distribution*	6,127,500	4.48
<b>Commodity 1.63% (1.71%)</b>			
200,000	Merian Gold & Silver - UI GBP Accumulation*	2,230,100	1.63
<b>Emerging Market Equity 2.18% (2.32%)</b>			
1,880,000	Jupiter Emerging & Frontier Income Trust	1,654,400	1.21
1,400,000	Mobius Investment Trust	1,310,400	0.97
		2,964,800	2.18
<b>European Equity 0.00% (2.87%)</b>			
<b>Far East Equity 4.57% (4.84%)</b>			
185,000	Guinness Asian Equity Income - Z GBP Distribution*	2,755,779	2.01
20,000	Prusik Asian Equity Income - 1C GBP Distribution*	3,508,916	2.56
		6,264,695	4.57
<b>Fixed Interest 27.00% (26.58%)</b>			
30,000	Ashmore Emerging Markets Total Return - I GBP Income*	2,913,900	2.13
52,000	Ashmore Emerging Short Duration (GBP Hedged) - Z GBP Income*	4,613,440	3.37
2,400,000	Close Select Fixed Income - X Income*	2,440,800	1.78
2,450,000	GCP Asset Backed Income	2,548,000	1.86
735,000	GCP Asset Backed Income - C	735,000	0.54
2,500,000	GCP Infrastructure Investments	3,135,000	2.29
2,800,000	ICG-Longbow Senior Secured UK Property Debt Investments	2,814,000	2.06
50,000	Muzinich Asia Credit Opportunities - Hedged GBP Income Founder*	4,692,000	3.43
137,000	Ranger Direct Lending	1,090,520	0.80
1,000,000	Real Estate Credit Investment	1,665,000	1.22
2,701,032	RM Secured Direct Lending	2,728,042	1.99
5,000,000	Royal London Short Duration Global High Yield Bond - Z Income*	4,402,500	3.22
30,000	Sempur Total Return	3,163,200	2.31
		36,941,402	27.00
<b>Global Equity 9.20% (10.74%)</b>			
2,000,000	BB Healthcare Trust	2,580,000	1.89
3,500,000	Fidelity Global Enhanced Income - W Income*	4,714,500	3.44
1,450,958	Overstone UCITS Equity Income - I Income*	2,382,472	1.74
3,100,000	Schroder Global Equity Income Fund - Z GBP Income*	2,916,170	2.13
		12,593,142	9.20
<b>Japan Equity 5.10% (5.01%)</b>			
2,500,000	Baillie Gifford Japanese Income Growth - B Income*	3,347,500	2.45
4,000,000	Jupiter Japan Income - I Income*	3,626,800	2.65
		6,974,300	5.10
<b>Multi Asset 3.07% (3.17%)</b>			
3,000,000	Polar Capital Income Opportunities - B1 I GBP Income*	4,196,400	3.07

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2018
<b>Private Equity 3.31% (4.35%)</b>			
250,000	ICG Enterprise Trust	2,070,000	1.51
725,000	Standard Life Private Equity Trust	2,465,000	1.80
		<b>4,535,000</b>	<b>3.31</b>
<b>Property 21.08% (21.38%)</b>			
2,300,000	AEW UK Long Lease REIT	2,060,800	1.51
3,500,000	AEW UK REIT	3,325,000	2.43
1,255,500	Civitas Social Housing REIT	1,381,050	1.01
1,665,000	Civitas Social Housing - C	1,686,645	1.23
2,200,000	Impact Healthcare REIT	2,244,000	1.64
2,819,354	LXi REIT	3,326,838	2.43
1,659,436	Phoenix Spree Deutschland	6,023,753	4.40
3,300,000	PRS REIT	3,316,500	2.42
1,690,000	Tufton Oceanic Assets - C	1,375,597	1.01
1,050,000	Urban Logistics REIT**	1,228,500	0.90
3,000,000	Warehouse REIT**	2,880,000	2.10
		<b>28,848,683</b>	<b>21.08</b>
<b>UK Equity 13.43% (8.64%)</b>			
2,000,000	Aberforth Split Level Income Trust	1,676,000	1.23
700,000	BlackRock UK Income - D GBP Income*	3,010,000	2.20
1,750,000	CF Livingbridge UK Multi Cap Income - F GBP Income*	1,838,375	1.34
435,000	Chelverton Small Companies Dividend Trust	887,400	0.65
4,200,000	Man GLG UK Income - D Income*	5,182,800	3.79
11,000,000	Schroder Income Maximiser - Z Income*	5,775,000	4.22
		<b>18,369,575</b>	<b>13.43</b>
<b>Investment assets</b>		<b>130,045,597</b>	<b>95.05</b>
<b>Net other assets</b>		<b>6,775,426</b>	<b>4.95</b>
<b>Net assets</b>		<b>136,821,023</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.

## Comparative Tables

### Change in net assets per share

	A Income GBP		A Accumulation GBP	
	31.10.16 <sup>^^</sup> p		31.10.16 <sup>^^</sup> p	
<b>Opening net asset value per share</b>	120.88		138.47	
Return before operating charges <sup>^</sup>	-120.88		-138.47	
Operating charges	0.00		0.00	
Return after operating charges <sup>^</sup>	-120.88		-138.47	
Distributions	0.00		0.00	
Retained distributions on accumulation shares	n/a		0.00	
<b>Closing net asset value per share</b>	<b>0.00</b>		<b>0.00</b>	
<sup>^</sup> After direct transaction costs of	-0.14		-0.17	
<b>Performance</b>				
Return after charges	-100.00%		-100.00%	
<b>Other information</b>				
Closing net asset value	0		0	
Closing number of shares	0		0	
Operating charges	—		—	
Direct transaction costs	0.12%		0.12%	
<b>Prices</b>				
Highest share price	121.97		139.65	
Lowest share price	116.76		133.74	

<sup>^^</sup>On 22 January 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		
	31.10.18 p	31.10.17 p	31.10.16 p
<b>Opening net asset value per share</b>	138.32	129.86	117.02
Return before operating charges <sup>^</sup>	3.14	15.51	20.14
Operating charges	-2.38	-2.29	-2.22
Return after operating charges <sup>^</sup>	0.76	13.22	17.92
Distributions	-4.75	-4.76	-5.08
<b>Closing net asset value per share</b>	<b>134.33</b>	<b>138.32</b>	<b>129.86</b>
<sup>^</sup> After direct transaction costs of	-0.12	-0.22	-0.14
<b>Performance</b>			
Return after charges	0.55%	10.18%	15.32%
<b>Other information</b>			
Closing net asset value	£1,370,429	£1,667,248	£1,569,618
Closing number of shares	1,020,190	1,205,388	1,208,663
Operating charges	1.71%	1.70%	1.84%
Ongoing operating charges*	1.70%	1.68%	1.78%
Direct transaction costs	0.09%	0.16%	0.12%
<b>Prices</b>			
Highest share price	142.84	140.09	131.61
Lowest share price	134.66	127.34	110.46



## Comparative Tables

continued

### Change in net assets per share

	B Accumulation GBP		
	31.10.18 p	31.10.17 p	31.10.16 p
<b>Opening net asset value per share</b>	179.53	162.60	140.63
Return before operating charges <sup>^</sup>	4.09	19.84	24.68
Operating charges	-3.12	-2.91	-2.71
Return after operating charges <sup>^</sup>	0.97	16.93	21.97
Distributions	-6.27	-6.04	-6.20
Retained distributions on accumulation shares	6.27	6.04	6.20
<b>Closing net asset value per share</b>	<b>180.50</b>	<b>179.53</b>	<b>162.60</b>
<sup>^</sup> After direct transaction costs of	-0.16	-0.27	-0.18
<b>Performance</b>			
Return after charges	0.54%	10.41%	15.62%
<b>Other information</b>			
Closing net asset value	£846,825	£660,264	£510,884
Closing number of shares	469,165	367,775	314,191
Operating charges	1.71%	1.70%	1.84%
Ongoing operating charges*	1.70%	1.68%	1.78%
Direct transaction costs	0.09%	0.16%	0.12%
<b>Prices</b>			
Highest share price	186.28	180.61	163.59
Lowest share price	176.79	159.60	134.34

	B Accumulation EUR		
	31.10.18 €c	31.10.17 €c	31.10.16 €c
<b>Opening net asset value per share</b>	140.12	123.75	133.91
Return before operating charges <sup>^</sup>	1.66	18.32	-8.15
Operating charges	-2.07	-1.95	-2.01
Return after operating charges <sup>^</sup>	-0.41	16.37	-10.16
Distributions	-4.85	-4.74	-5.19
Retained distributions on accumulation shares	4.85	4.74	5.19
<b>Closing net asset value per share</b>	<b>139.71</b>	<b>140.12</b>	<b>123.75</b>
<sup>^</sup> After direct transaction costs of	-0.13	-0.21	-0.15
<b>Performance</b>			
Return after charges	-0.29%	13.23%	-7.59%
<b>Other information</b>			
Closing net asset value	€ 10,175,698	€ 10,819,470	€ 10,854,807
Closing number of shares	7,283,611	7,721,605	8,771,590
Operating charges	1.46%	1.45%	1.59%
Ongoing operating charges*	1.45%	1.43%	1.53%
Direct transaction costs	0.09%	0.16%	0.12%
<b>Prices</b>			
Highest share price	144.61	140.44	137.36
Lowest share price	137.01	123.02	117.44

The foreign exchange rate used to calculate net asset value and net distribution per share as at 31st October 2018 was € 1.1277.

## Comparative Tables

continued

### Change in net assets per share

	C Income GBP		
	31.10.18 p	31.10.17 p	31.10.16 p
<b>Opening net asset value per share</b>	121.99	114.20	102.66
Return before operating charges <sup>^</sup>	2.76	13.70	17.70
Operating charges	-1.79	-1.72	-1.68
Return after operating charges <sup>^</sup>	0.97	11.98	16.02
Distributions	-4.19	-4.19	-4.48
<b>Closing net asset value per share</b>	<b>118.77</b>	<b>121.99</b>	<b>114.20</b>
<sup>^</sup> After direct transaction costs of	-0.11	-0.19	-0.13
<b>Performance</b>			
Return after charges	0.79%	10.49%	15.61%
<b>Other information</b>			
Closing net asset value	£28,618,723	£29,221,446	£14,228,321
Closing number of shares	24,096,543	23,954,371	12,458,951
Operating charges	1.46%	1.45%	1.59%
Ongoing operating charges*	1.45%	1.43%	1.53%
Direct transaction costs	0.09%	0.16%	0.12%
<b>Prices</b>			
Highest share price	126.04	123.54	115.74
Lowest share price	119.05	112.05	96.97

	C Accumulation GBP		
	31.10.18 p	31.10.17 p	31.10.16 p
<b>Opening net asset value per share</b>	139.72	126.28	108.86
Return before operating charges <sup>^</sup>	3.17	15.37	19.24
Operating charges	-2.08	-1.93	-1.82
Return after operating charges <sup>^</sup>	1.09	13.44	17.42
Distributions	-4.87	-4.69	-4.83
Retained distributions on accumulation shares	4.87	4.69	4.83
<b>Closing net asset value per share</b>	<b>140.81</b>	<b>139.72</b>	<b>126.28</b>
<sup>^</sup> After direct transaction costs of	-0.13	-0.21	-0.14
<b>Performance</b>			
Return after charges	0.78%	10.64%	16.00%
<b>Other information</b>			
Closing net asset value	£53,046,844	£25,382,732	£13,587,264
Closing number of shares	37,672,037	18,167,335	10,759,775
Operating charges	1.46%	1.45%	1.59%
Ongoing operating charges*	1.45%	1.43%	1.53%
Direct transaction costs	0.09%	0.16%	0.12%
<b>Prices</b>			
Highest share price	145.30	140.55	126.94
Lowest share price	137.72	123.90	104.06

## Comparative Tables

continued

### Change in net assets per share

	D Income GBP		
	31.10.18 p	31.10.17 p	31.10.16 p
<b>Opening net asset value per share</b>	120.55	112.58	100.94
Return before operating charges <sup>^</sup>	2.74	13.51	17.45
Operating charges	-1.47	-1.41	-1.40
Return after operating charges <sup>^</sup>	1.27	12.10	16.05
Distributions	-4.16	-4.13	-4.41
<b>Closing net asset value per share</b>	<b>117.66</b>	<b>120.55</b>	<b>112.58</b>
<sup>^</sup> After direct transaction costs of	-0.11	-0.19	-0.12
<b>Performance</b>			
Return after charges	1.05%	10.75%	15.90%
<b>Other information</b>			
Closing net asset value	£43,748,768	£36,999,027	£24,674,552
Closing number of shares	37,183,090	30,691,753	21,917,468
Operating charges	1.21%	1.20%	1.34%
Ongoing operating charges*	1.20%	1.18%	1.28%
Direct transaction costs	0.09%	0.16%	0.12%
<b>Prices</b>			
Highest share price	124.62	122.08	114.09
Lowest share price	117.90	110.48	95.42

	D Accumulation GBP		
	31.10.18 p	31.10.17 p	31.10.16 p
<b>Opening net asset value per share</b>	127.03	114.56	98.52
Return before operating charges <sup>^</sup>	2.89	13.92	17.43
Operating charges	-1.57	-1.45	-1.39
Return after operating charges <sup>^</sup>	1.32	12.47	16.04
Distributions	-4.43	-4.26	-4.27
Retained distributions on accumulation shares	4.43	4.26	4.27
<b>Closing net asset value per share</b>	<b>128.35</b>	<b>127.03</b>	<b>114.56</b>
<sup>^</sup> After direct transaction costs of	-0.12	-0.19	-0.12
<b>Performance</b>			
Return after charges	1.04%	10.89%	16.28%
<b>Other information</b>			
Closing net asset value	£166,025	£151,500	£12,876
Closing number of shares	129,353	119,261	11,240
Operating charges	1.21%	1.20%	1.34%
Ongoing operating charges*	1.20%	1.18%	1.28%
Direct transaction costs	0.09%	0.16%	0.12%
<b>Prices</b>			
Highest share price	132.41	127.78	115.16
Lowest share price	125.34	112.44	94.24

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 against the average net asset value for the accounting year.

\*The net asset value of the Sub-fund increased from £103,573,813 to £136,821,023. Taking an average of the daily net asset values for the last month of the year has the effect of reducing operating charges by 0.01%. The ACD believes this to be more representative of the charges going forward.

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. The expenses incurred by these schemes in relation to the Sub-fund (synthetic ongoing charges) are included within the operating charges.

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 year.

## 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.

← Typically lower rewards, lower risk				Typically higher rewards, higher risk →		
1	2	3	4	5	6	7

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 year ended 31 October 2018

	Note	£	31.10.18 £	£	31.10.17 £
Income					
Net capital (losses)/gains	2		(2,493,517)		6,358,531
Revenue	3	4,545,413		3,203,728	
Expenses	4	(1,079,428)		(785,827)	
Interest payable and similar charges	4	(140)		–	
Net revenue before taxation		3,465,845		2,417,901	
Taxation	5	(224,668)		(78,279)	
Net revenue after taxation			3,241,177		2,339,622
<b>Total return before distributions</b>			<b>747,660</b>		<b>8,698,153</b>
Distributions	6		(4,104,680)		(2,968,275)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(3,357,020)</b>		<b>5,729,878</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2018

	£	31.10.18 £	£	31.10.17 £
<b>Opening net assets attributable to Shareholders</b>		<b>103,573,813</b>		<b>64,329,258</b>
Amounts receivable on issue of shares	59,769,480		48,246,983	
Less: Amounts payable on cancellation of shares	(24,951,601)		(15,783,999)	
		34,817,879		32,462,984
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(3,357,020)		5,729,878
Retained distributions on accumulation shares		1,786,351		1,051,693
<b>Closing net assets attributable to Shareholders</b>		<b>136,821,023</b>		<b>103,573,813</b>

The notes on pages 45 to 53 form an integral part of these Financial Statements.

## Balance Sheet

as at 31 October 2018

	Note	£	31.10.18 £	£	31.10.17 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			130,045,597		98,075,383
<b>Current Assets</b>					
Debtors	7	3,147,183		1,169,513	
Cash and bank balances	9	7,026,028		5,013,736	
<b>Total current assets</b>			<b>10,173,211</b>		<b>6,183,249</b>
<b>Total assets</b>			<b>140,218,808</b>		<b>104,258,632</b>
<b>LIABILITIES</b>					
Investment liabilities			–		–
<b>Creditors</b>					
Distribution payable		(571,357)		(455,972)	
Other creditors	8	(2,826,428)		(228,847)	
<b>Total creditors</b>			<b>(3,397,785)</b>		<b>(684,819)</b>
<b>Total liabilities</b>			<b>(3,397,785)</b>		<b>(684,819)</b>
<b>Net assets attributable to Shareholders</b>			<b>136,821,023</b>		<b>103,573,813</b>

The notes on pages 45 to 53 form an integral part of these Financial Statements.

## Notes to the Financial Statements

for the year ended 31 October 2018

### 1. Accounting Policies

The Sub-fund's Financial statements have been prepared on the same basis as the Accounting Policies stated on pages 20 and 21.

<b>2. Net Capital (Losses)/Gains</b>	<b>31.10.18</b>	<b>31.10.17</b>
	<b>£</b>	<b>£</b>
Non-derivative securities	(2,471,812)	6,367,577
Currency (losses)/gains	(10,097)	1,259
Transaction charges	(11,608)	(10,305)
<b>Net capital (losses)/gains</b>	<b>(2,493,517)</b>	<b>6,358,531</b>

<b>3. Revenue</b>	<b>31.10.18</b>	<b>31.10.17</b>
	<b>£</b>	<b>£</b>
UK dividends: Ordinary	637,291	757,888
Overseas franked dividends	543,551	401,751
Property Income Distributions	681,946	219,079
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	829,585	522,514
Overseas franked investment income	414,122	364,370
Interest distributions	1,122,591	937,672
Bank interest	–	454
Interest distributions from other investment Funds	316,327	–
<b>Total revenue</b>	<b>4,545,413</b>	<b>3,203,728</b>

## Notes to the Financial Statements

continued

<b>4. Expenses</b>	<b>31.10.18</b>	<b>31.10.17</b>
	<b>£</b>	<b>£</b>
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	116,305	90,028
Registration fees	87,427	70,990
	<u>203,732</u>	<u>161,018</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	801,351	564,300
	<u>801,351</u>	<u>564,300</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	40,522	30,532
Safe custody and other bank charges	12,699	11,262
	<u>53,221</u>	<u>41,794</u>
Other expenses:		
Audit fee (including VAT)	7,200	7,380
Audit fee (including VAT): taxation services	2,400	1,500
FCA fee	–	155
Legal fees	8,278	6,652
Printing costs	3,246	3,028
	<u>21,124</u>	<u>18,715</u>
<b>Expenses</b>	<b>1,079,428</b>	<b>785,827</b>
Interest payable and similar charges	140	–
<b>Total</b>	<b>1,079,568</b>	<b>785,827</b>



## Notes to the Financial Statements

continued

<b>5. Taxation</b>	<b>31.10.18</b>	<b>31.10.17</b>
	<b>£</b>	<b>£</b>
(a) Analysis of charge in the year:		
Corporation tax at 20%	208,211	74,276
Adjustments in respect of prior period	27,259	17,684
Reclaim of tax suffered on FOF dividends	(10,802)	(13,681)
<b>Total tax charge (note 5b)</b>	<b>224,668</b>	<b>78,279</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	3,465,845	2,417,901
Corporation tax at 20%	693,169	483,580
Effects of:		
UK dividends	(293,375)	(256,080)
Expenses not deductible for tax purposes	28	–
Adjustments in respect of prior periods	27,183	17,684
Reclaim of tax suffered on FOF dividends	(10,802)	(13,681)
Non-taxable overseas earnings	(191,535)	(153,224)
<b>Total tax charge (note 5a)</b>	<b>224,668</b>	<b>78,279</b>
(c) Deferred tax		
There is no deferred tax provision at the balance sheet date (2017:nil).		

## Notes to the Financial Statements

continued

### 6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

		<b>31.10.18</b>	<b>31.10.17</b>
		<b>£</b>	<b>£</b>
First interim distribution	31.01.18	969,304	804,308
Second interim distribution	30.04.18	760,899	541,261
Third interim distribution	31.07.18	1,503,573	1,077,290
Final distribution	31.10.18	1,056,374	694,671
		<b>4,290,150</b>	<b>3,117,530</b>
Revenue deducted on cancellation of shares		110,850	80,127
Revenue received on issue of shares		(296,320)	(229,382)
<b>Distributions</b>		<b>4,104,680</b>	<b>2,968,275</b>
Interest payable and similar charges		–	–
<b>Total</b>		<b>4,104,680</b>	<b>2,968,275</b>

#### Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		3,241,177	2,339,622
Expenses allocated to capital		1,079,428	785,827
Relief on expenses allocated to capital		(215,886)	(157,165)
Undistributed revenue brought forward		23	14
Undistributed revenue carried forward		(62)	(23)
<b>Distributions</b>		<b>4,104,680</b>	<b>2,968,275</b>

### 7. Debtors

		<b>31.10.18</b>	<b>31.10.17</b>
		<b>£</b>	<b>£</b>
Amounts receivable on issues		2,668,398	371,508
Sales awaiting settlement		–	531,489
Accrued income:			
Dividends receivable		421,244	201,424
Income tax recoverable		54,939	62,310
Prepaid expenses:			
KIID fee		2,602	2,782
<b>Total debtors</b>		<b>3,147,183</b>	<b>1,169,513</b>

## Notes to the Financial Statements

continued

<b>8. Other Creditors</b>	<b>31.10.18</b>	<b>31.10.17</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	332,851	68,605
Purchases awaiting settlement	2,172,643	–
Accrued expenses:		
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	10,806	8,864
Registration fee	7,573	5,848
	<u>18,379</u>	<u>14,712</u>
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	<u>77,197</u>	<u>57,824</u>
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	3,813	5,879
Safe custody and other bank charges	1,108	2,108
	<u>4,921</u>	<u>7,987</u>
Other expenses:		
Audit fee (including VAT)	7,200	–
Audit fee (including VAT): taxation services	3,600	3,000
Legal fees	–	944
Printing costs	1,350	1,500
	<u>12,150</u>	<u>5,444</u>
Taxation payable:		
Corporation tax payable	<u>208,287</u>	<u>74,275</u>
<b>Total other creditors</b>	<b><u>2,826,428</u></b>	<b><u>228,847</u></b>
<b>9. Cash and Bank Balances</b>	<b>31.10.18</b>	<b>31.10.17</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	7,026,028	5,013,736
<b>Cash and bank balances</b>	<b><u>7,026,028</u></b>	<b><u>5,013,736</u></b>

## Notes to the Financial Statements

continued

### 10. Related Party Transactions

Authorised Corporate Director and other fees payable to Maitland Institutional Services Ltd (the ACD) are disclosed in note 4 and amounts due at the year end are shown in note 8.

Fees payable to Hawksmoor Investment Management Limited (the Investment Manager) are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the MI Hawksmoor Open-Ended Investment Company Funds.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2017: none).

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in Note 12 on pages 26 to 28.

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £13,004,560 (2017: £9,807,538).

#### Currency risk

The table below details the currency risk profile at the balance sheet date.

31.10.18

Currency	Total £
Canadian dollar	2,230,100
Japanese Yen	6,974,300
Pound sterling	106,455,986
United States dollar	21,160,637
	<b>136,821,023</b>

There is no material foreign currency exposure for the prior year.

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures (continued)

#### Interest rate risk

The table below details the interest rate risk profile at the balance sheet date:

#### 31.10.18

Currency	Floating rate financial assets £	Assets on which interest distributions are paid £	Assets on which interest distributions are not paid <sup>^</sup> £	Total £
Canadian dollar	–	–	2,230,100	2,230,100
Japanese Yen	–	–	6,974,300	6,974,300
Pound sterling	7,026,028	12,386,862	90,440,881	109,853,771
United States dollar	–	19,785,040	1,375,597	21,160,637
	<b>7,026,028</b>	<b>32,171,902</b>	<b>101,020,878</b>	<b>140,218,808</b>

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Pound sterling	–	3,397,785	3,397,785
	<b>–</b>	<b>3,397,785</b>	<b>3,397,785</b>

#### 31.10.17

Currency	Floating rate financial assets £	Assets on which interest distributions are paid £	Assets on which interest distributions are not paid <sup>^</sup> £	Total £
Pound sterling	5,013,736	18,181,360	81,063,536	104,258,632
	<b>5,013,736</b>	<b>18,181,360</b>	<b>81,063,536</b>	<b>104,258,632</b>

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Pound sterling	–	684,819	684,819
	<b>–</b>	<b>684,819</b>	<b>684,819</b>

<sup>^</sup> Comprises of Equity Shares which receive dividend revenue and non interest bearing balance sheet debtors.

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

31.10.18

Analysis of purchases	Net purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	19,029,981	15,706	0.08	41,389	0.22	18,972,886
Funds	41,611,796	–	0.00	44,614	0.11	41,567,182
Corporate Actions	1,320,572	–	0.00	–	0.00	1,320,572
<b>Total purchases after commissions and tax</b>	<b>61,962,349</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	10,885,754	9,709	0.09	20	0.00	10,895,483
Funds	16,634,570	–	0.00	(18)	0.00	16,634,552

**Total sales after commissions and tax** **27,520,324**

Commission as a % of average net assets 0.02%  
Taxes as a % of average net assets 0.07%

31.10.17

Analysis of purchases	Net purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	39,759,402	31,177	0.08	64,488	0.16	39,663,737
Funds	23,726,750	–	0.00	–	0.00	23,726,750
Corporate actions	500,000	–	0.00	–	0.00	500,000
<b>Total purchases after commissions and tax</b>	<b>63,986,152</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	23,375,759	43,493	0.19	61	0.00	23,419,313
Funds	10,950,400	–	0.00	–	0.00	10,950,400

**Total sales after commissions and tax** **34,326,159**

Commission as a % of average net assets 0.08%  
Taxes as a % of average net assets 0.08%

Commissions and taxes as a % of the average net assets form part of the direct transactions costs stated within the comparative tables on pages 38 to 42. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

## Notes to the Financial Statements

continued

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 31 October 2018 is 0.60% (2017: 0.49%).

### 15. Fair Value Disclosure

Valuation technique	31.10.18		31.10.17	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	56,207,445	–	45,634,328	–
Level 2 <sup>^^</sup>	73,838,152	–	52,441,055	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>130,045,597</b>	<b>–</b>	<b>98,075,383</b>	<b>–</b>

<sup>^</sup> Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup> Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

<sup>^^^</sup> Level 3: Valuation techniques using unobservable inputs.

### 16. Shareholders Funds

	B Income GBP	B Accumulation GBP	B Accumulation EUR	
Opening number of Shares	1,205,388	367,775	7,721,605	
Shares issued	222,518	137,412	733,782	
Shares cancelled	(410,207)	(26,049)	(1,171,776)	
Shares converted	2,491	(9,973)	–	
<b>Closing number of Shares</b>	<b>1,020,190</b>	<b>469,165</b>	<b>7,283,611</b>	
	C Income GBP	C Accumulation GBP	D Income GBP	D Accumulation GBP
Opening number of Shares	23,954,371	18,167,335	30,691,753	119,261
Shares issued	8,203,305	24,907,944	10,972,338	11,258
Shares cancelled	(8,072,724)	(5,403,610)	(4,481,001)	(1,166)
Shares converted	11,591	368	–	–
<b>Closing number of Shares</b>	<b>24,096,543</b>	<b>37,672,037</b>	<b>37,183,090</b>	<b>129,353</b>

## Distribution Tables

for the year ended 31 October 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
	Third interim	Group 1	1.6106p	–	1.6106p	1.5733p
		Group 2	1.1079p	0.5027p	1.6106p	1.5733p
	Final	Group 1	1.0414p	–	1.0414p	0.9377p
		Group 2	0.7656p	0.2758p	1.0414p	0.9377p
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
	Third interim	Group 1	1.4207p	–	1.4207p	1.3940p
		Group 2	0.6058p	0.8149p	1.4207p	1.3940p
	Final	Group 1	0.9205p	–	0.9205p	0.8176p
		Group 2	0.3549p	0.5656p	0.9205p	0.8176p
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
	Third interim	Group 1	1.4060p	–	1.4060p	1.3725p
		Group 2	0.7134p	0.6926p	1.4060p	1.3725p
	Final	Group 1	0.9115p	–	0.9115p	0.8107p
		Group 2	0.3530p	0.5585p	0.9115p	0.8107p

### 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
	Third interim	Group 1	2.1202p	–	2.1202p	2.0115p
		Group 2	0.4178p	1.7024p	2.1202p	2.0115p
	Final	Group 1	1.3881p	–	1.3881p	1.2000p
		Group 2	1.0606p	0.3275p	1.3881p	1.2000p
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
	Third interim	Group 1	1.6294€c	–	1.6294€c	1.5345€c
		Group 2	1.4117€c	0.2177€c	1.6294€c	1.5345€c
	Final	Group 1	1.0744€c	–	1.0744€c	0.9441€c
		Group 2	0.6475€c	0.4269€c	1.0744€c	0.9441€c



## Distribution Tables

continued

### Accumulation Share Distributions (continued)

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2018	Amount reinvested 2017
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
	Third interim	Group 1	1.6512p	–	1.6512p	1.5659p
		Group 2	0.7919p	0.8593p	1.6512p	1.5659p
	Final	Group 1	1.0826p	–	1.0826p	0.9324p
		Group 2	0.3618p	0.7208p	1.0826p	0.9324p
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
	Third interim	Group 1	1.5046p	–	1.5046p	1.4790p
		Group 2	0.7246p	0.7800p	1.5046p	1.4790p
	Final <sup>^</sup>	Group 1	0.9866p	–	0.9866p	0.7906p
		Group 2	–	–	–	–

<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  
Third interim period: 01.05.18 - 31.07.18  
Final period: 01.08.18 - 31.10.18

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 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. These global opportunities will be unconstrained by region or sector and may be volatile in the short term. Through its investments in these collectives, the portfolio will be exposed to a range of asset classes (such as equities, bonds, property and commodities), underlying currencies, geographic spread and 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 31 October 2018

### Market Review

The period under review began with a continuation of the serene progress of many financial assets across the globe that had been experienced for many of the past few years, with equity markets rallying particularly strongly into the new year. This progress was brought rapidly to a halt in February and March of this year as growing economic concerns and the potential for a trade war rippled through markets with equity markets in particular experiencing their sharpest falls for two years. The US equity market recovered with the US economy continuing to fire on all cylinders with companies reporting robust corporate earnings, boosted in part by large tax cuts. However, many other developed equity markets continued to languish and moved sideways. Pain was felt most keenly in emerging markets during the summer months. As the US dollar strengthened, old questions about the ability of some emerging market economies to service their dollar denominated debt reared their ugly head. The sell-off in emerging market debt and equity that ensued was further compounded by negative idiosyncratic headlines from countries including Argentina and Turkey, culminating in many emerging equity markets falling sharply, with losses exacerbated by currency weakness. Meanwhile, friction between the US and China grew, culminating in a trade war as tit-for-tat tariffs on a wide range of goods were imposed by both sides. For UK based investors barely a day passed, let alone a week, when the national press were not carrying Brexit headlines. Whilst the outcome of the Brexit deal will undoubtedly have wide ranging repercussions, we will not be changing Global Opportunities' positioning to rely on a binary outcome of the negotiations. One of the characteristics of the Funds that we manage is that we are cognisant of the dangers of excessive home market bias, and instead ensure that we invest across global markets, seeking out areas where we can identify a margin of safety, and which offer the best prospective risk-adjusted returns for our investors.

In local currency terms, UK property was one of the best performing asset classes in the period under review. Property is an asset class that we have increased our exposure to over the last couple of years, though we continue to stress the need for a targeted approach. Whilst property in aggregate has delivered attractive total returns, the underlying drivers of this strong performance have been concentrated in the industrial and warehouse sectors, as retail property has continued to struggle, particularly on the UK high street. The US equity market outperformed all other major equity markets in local currency terms, delivering 6.7% during the year under review. Emerging market equities were the weakest performing asset class, whilst European and Japanese equities were also weak. Strength in the US dollar saw the price of gold fall overall during the period, though this hides a rally experienced during the weaker markets in October as investors looked to increase their exposure to more traditional safe havens. It should not come as a surprise to investors that equity market returns were significantly lower this year than during the previous review period, when all major equity markets delivered returns in excess of 20% in local currency terms. The long term real equity market returns average around 7%, a level that has been far exceeded in the post global financial crisis era. It would not be surprising to see real returns below the long-term average from today. September 2018 was the first month since the financial crisis that in aggregate the world's three leading central banks (Bank of Japan, US Federal Reserve and the European Central Bank (ECB)) moved from quantitative easing to quantitative tightening. It is telling that this period precluded the asset price falls in October, the worst calendar month for returns since a decade ago.

## Investment Manager's Report

continued

### Performance Review and Income Distribution

Our Global Opportunities fund launched on 18 September 2018 and it would be inappropriate to comment in detail on the performance of our Sub-fund in the time from launch to the end of the period under review. This is too short a time period to consider, especially given that the Sub-fund managers encourage investors to have an investment time horizon of a minimum of 5 years.

For the period from launch on 18 September 2018 to 31 October 2018, Global Opportunities generated a modest level of income of 0.0527 pence per C Acc share (pps), going ex-dividend on 1 November. The objective of the Global Opportunities Fund is to provide capital growth, and thus we only offer accumulation units. The MI Hawksmoor Distribution Fund is available for investors wanting a higher income strategy, while continuing to access a similar investment philosophy.

### Portfolio Review

September was an important month for the development of Hawksmoor Fund Managers' range of funds, with the launch of the Hawksmoor Global Opportunities Fund on 18 September. We now have a suite of three funds catering to the needs of investors across the risk spectrum while all sharing the same investment philosophy. The new Global Opportunities Fund is intended for risk-tolerant investors prepared to accept a volatile ride as a trade-off to improve their chances of achieving superior levels of total returns over the long term. As such, the initial portfolio had exposure to areas such as Asian equities, emerging market equities and debt, biotechnology, private equity and ship leasing.

### Investment Outlook

It is probably no coincidence that the worst month for investment returns in mainstream financial markets since the global financial crisis (GFC), experienced in October this year, occurred on the back of the first month since the GFC that the world's three leading central banks in aggregate have moved from quantitative easing to quantitative tightening. The unprecedented central bank support for financial markets since 2009 has swamped markets with liquidity and buoyed asset prices with the notion that interest rates will remain lower not just for longer, but indefinitely. It comes as no surprise that as this liquidity is withdrawn and major central banks continue to raise interest rates that asset prices must be re-assessed. However, global debt levels remain greater than at the height of the GFC, both in absolute terms and relative to global GDP, which may serve to put a cap on how high interest rates go. Recent market movements have created some pockets of value, and it is in these areas that we will look to focus our attention. However, it remains the case that many financial assets continue to look expensive, with government bonds in many developed nations continuing to offer negative real yields if held to maturity.

The unconstrained nature of our Global Opportunities Fund provides us with great flexibility in managing the Sub-fund. As global financial markets go through a more testing period, *ceteris paribus*, future return prospects improve. We are already seeing areas of value created and have been increasing our exposure to managers that we have highest conviction in operating in the cheapest areas of markets.

More information about The Global Opportunities Fund can be found on the Hawksmoor website [www.hawksmoorim.co.uk](http://www.hawksmoorim.co.uk) including monthly factsheets and quarterly reports which give more details of the investments in the portfolio and how they have changed over the period covered by this report. If you would like to receive these documents on a regular basis and are not already doing so, please send an email to [hannah.isaac@hawksmoorfm.co.uk](mailto:hannah.isaac@hawksmoorfm.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 our Fund.

Daniel Lockyer, Richard Scott, Ben Conway  
Hawksmoor Investment Management Ltd  
31 December 2018

## Portfolio Statement

as at 31 October 2018

Holding	Security	Market value £	% of total net assets 2018
	<b>Absolute Return 2.83%</b>		
250,000	Jupiter Absolute Return - I Accumulation*	140,375	2.83
	<b>Alternatives 4.86%</b>		
29,500	Polar Capital Global Convertible - I GBP Distribution*	241,015	4.86
	<b>Biotechnology 1.17%</b>		
3,300	Polar Capital Capital Biotechnology - I Income*	57,981	1.17
	<b>Commodity 4.78%</b>		
325,000	Golden Prospect Precious Metals	69,875	1.41
15,000	Merian Gold & Silver - UI GBP Accumulation*	167,258	3.37
		237,133	4.78
	<b>Emerging Market Equity 14.47%</b>		
1,050	Aubrey Global Emerging Markets Opportunities - GBP Accumulation*	142,139	2.87
20,000	Genesis Emerging Markets	125,000	2.52
200,000	Jupiter Global Emerging Markets - I Accumulation*	121,620	2.45
300,000	Mobius Investment Trust	280,800	5.66
60,000	ScotGems	48,000	0.97
		717,559	14.47
	<b>Far East Equity 6.69%</b>		
14,000	Guinness Asian Equity Income - Y GBP Distribution*	139,320	2.81
20,000	Pacific Horizon Investment Trust	57,200	1.15
815	Prusik Asia - U GBP Accumulation*	135,428	2.73
		331,948	6.69
	<b>Fixed Interest 4.47%</b>		
2,500	Ashmore Emerging Markets Total Return - I GBP Income*	221,800	4.47
	<b>Global Equity 11.76%</b>		
275,000	Artemis Global Select- I Accumulation*	303,875	6.13
6,500	Baillie Gifford Global Discovery - B Accumulation*	91,325	1.84
35,000	BB Healthcare Trust	45,150	0.91
200,000	Schroder Global Recovery - Z Accumulation*	142,980	2.88
		583,330	11.76
	<b>Japanese Equity 4.81%</b>		
80,000	Baillie Gifford Japanese Income Growth - B Accumulation*	111,520	2.25
140,000	Jupiter Japan Income - I Income*	126,938	2.56
		238,458	4.81
	<b>Multi Asset 3.84%</b>		
70,000	Henderson Alternative Strategies Trust	190,400	3.84

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2018
<b>Private Equity 7.86%</b>			
6,000	HgCapital Trust	117,600	2.37
7,600	ICG Enterprise Trust	62,928	1.27
70,000	Oakley Capital Investments**	126,000	2.54
4,000	Pantheon International Participations	83,200	1.68
		389,728	7.86
<b>Property 13.92%</b>			
150,000	AEW UK REIT	142,500	2.87
58,000	Phoenix Spree Deutschland	210,540	4.24
100,000	Tufton Oceanic Assets - C	81,396	1.64
100,000	Urban Logistics REIT**	117,000	2.36
145,000	Warehouse REIT**	139,200	2.81
		690,636	13.92
<b>UK Equity 14.82%</b>			
50,000	Artemis Alpha Trust	147,000	2.96
139,335	Man GLG Undervalued Assets - D Income*	194,094	3.91
37,260	MI Downing UK Micro-Cap - B Accumulation*	71,653	1.45
17,500	Polar Capital UK Value Opportunities GBP - Income*	190,750	3.85
150,000	Woodford Patient Capital Trust	131,550	2.65
		735,047	14.82
<b>US Equities 2.44%</b>			
100,000	Gabelli Values	121,000	2.44
		121,000	2.44
<b>Investment assets</b>		<b>4,896,410</b>	<b>98.72</b>
<b>Net other assets</b>		<b>63,528</b>	<b>1.28</b>
<b>Net assets</b>		<b>4,959,938</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated.

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

\*\*Quoted on the Alternative Investment Market.

## Comparative Tables

### Change in net assets per share

	C Accumulation	D Accumulation
	31.10.18^^ p	31.10.18^^ p
<b>Opening net asset value per share</b>	100.00	100.00
Return before operating charges^	-2.64	-2.85
Operating charges	-1.50	-1.26
Return after operating charges^	-4.14	-4.11
Distributions	-0.05	-0.07
Retained distributions on accumulation shares	0.05	0.07
<b>Closing net asset value per share</b>	<b>95.86</b>	<b>95.89</b>
^After direct transaction costs of	-0.17	-0.17
<b>Performance</b>		
Return after charges	-4.14%	- 4.11%
<b>Other information</b>		
Closing net asset value	£312,104	£4,647,834
Closing number of shares	325,587	4,847,274
Operating charges	1.53%	1.28%
Direct transaction costs	0.17%	0.17%
<b>Prices</b>		
Highest share price	101.00	101.01
Lowest share price	95.12	95.15

^^The C Accumulation and D Accumulation share classes launched on 18 September 2018.

Hawksmoor Investment Management Ltd (the "Investment Manager") has agreed to rebate the expenses of the Sub-fund (i.e. those expressly set out on the applicable Prospectus that have been reasonably incurred, including transaction charges), in the annual management charge, in excess of 1.00% (for the C Accumulation Share Class) and 0.75% (for the D Accumulation Share Class) of the average net asset value over each accounting period. This rebate excludes the synthetic charges which form part of the ongoing operating charges.

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, the expenses incurred by these schemes in relation to the Sub-fund (synthetic ongoing charge) are included within the operating charges.

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.

← Typically lower rewards, lower risk			Typically higher rewards, higher risk →			
1	2	3	4	5	6	7

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 31 October 2018

	Note	£	18.09.18 to 31.10.18 £
Income			
Net capital losses	2		(214,656)
Revenue	3	7,170	
Expenses	4	(3,021)	
Interest payable and similar charges	4	(32)	
Net revenue before taxation		4,117	
Taxation	5	(287)	
Net revenue after taxation			3,830
<b>Total return before distributions</b>			<b>(210,826)</b>
Distributions	6		(3,826)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(214,652)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period ended 31 October 2018

	£	18.09.18 to 31.10.18 £
<b>Opening net assets attributable to Shareholders</b>		–
Amounts receivable on issue of shares	5,237,651	
Less: Amounts payable on cancellation of shares	(67,062)	
		5,170,589
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(214,652)
Retained distributions on accumulation shares		4,001
<b>Closing net assets attributable to Shareholders</b>		<b>4,959,938</b>

The notes on pages 64 to 70 form an integral part of these Financial Statements.



## Balance Sheet

as at 31 October 2018

	Note	£	31.10.18 £
<b>ASSETS</b>			
<b>Fixed Assets</b>			
Investments			4,896,410
<b>Current Assets</b>			
Debtors	7	16,095	
Cash and bank balances	9	80,798	
<b>Total current assets</b>			<b>96,893</b>
<b>Total assets</b>			<b>4,993,303</b>
<b>LIABILITIES</b>			
Investment liabilities			–
<b>Creditors</b>			
Other creditors	8	(33,365)	
<b>Total creditors</b>			<b>(33,365)</b>
<b>Total liabilities</b>			<b>(33,365)</b>
<b>Net assets attributable to Shareholders</b>			<b>4,959,938</b>

The notes on pages 64 to 70 form an integral part of these Financial Statements.

## Notes to the Financial Statements

for the period ended 31 October 2018

### 1. Accounting Policies

The Sub-fund's Financial statements have been prepared on the same basis as the Accounting Policies stated on pages 20 and 21.

### 2. Net Capital Losses

	18.09.18 to 31.10.18 £
Non-derivative securities	(212,612)
Currency losses	(537)
Transaction charges	(1,507)
<b>Net capital losses</b>	<b>(214,656)</b>

### 3. Revenue

	18.09.18 to 31.10.18 £
Overseas franked dividends	2,680
Distributions from Regulated Collective Investment Schemes:	
Interest distributions	3,530
Interest distributions from other investment funds	960
<b>Total revenue</b>	<b>7,170</b>

## Notes to the Financial Statements

continued

	18.09.18 to 31.10.18 £
<b>4. Expenses</b>	
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:	
ACD's fee	4,219
Registration fees	1,451
	<u>5,670</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:	
Investment Manager's fee	<u>3,066</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fee (including VAT)	1,414
Safe custody and other bank charges	1,414
	<u>2,828</u>
Other expenses:	
Audit fee (including VAT)	7,200
Audit fee (including VAT): taxation services	1,800
Legal fees	132
Printing costs	800
	<u>9,932</u>
Total Ongoing charge (OCG) rebates accrued against expenses	<u>(18,475)</u>
<b>Expenses</b>	<b>3,021</b>
Interest payable and similar charges	32
<b>Total</b>	<b>3,053</b>

## Notes to the Financial Statements

continued

	18.09.18 to 31.10.18 £
<b>5. Taxation</b>	
(a) Analysis of charge in the year:	
Corporation tax at 20%	287
<b>Total tax charge (note 5b)</b>	<b>287</b>
(b) Factors affecting taxation charge for the year:	
Net revenue before taxation	4,117
Corporation tax at 20%	823
Effects of:	
Non-taxable overseas earnings	(536)
<b>Total tax charge (note 5a)</b>	<b>287</b>
(c) Deferred tax	
There is no deferred tax provision at the balance sheet date.	
<b>6. Distributions</b>	
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:	
	18.09.18 to 31.10.18 £
Final distribution 31.10.18	4,001
Revenue deducted on cancellation of shares	52
Revenue received on issue of shares	(227)
<b>Distributions</b>	<b>3,826</b>
Interest payable and similar charges	32
<b>Total</b>	<b>3,858</b>
<b>Reconciliation of net revenue after taxation to net distributions:</b>	
Net revenue after taxation per Statement of Total Return	3,830
Undistributed revenue carried forward	(4)
<b>Distributions</b>	<b>3,826</b>
<b>7. Debtors</b>	18.09.18 to 31.10.18 £
Accrued income:	
Dividends receivable	2,608
Total Ongoing Charge (OCG) rebates accrued against expenses	13,487
<b>Total debtors</b>	<b>16,095</b>

## Notes to the Financial Statements

continued

<b>8. Other Creditors</b>	<b>31.10.18</b>
	<b>£</b>
Amounts payable on cancellations	1,487
Purchases awaiting settlement	13,601
Accrued expenses:	
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:	
ACD's fee	2,973
Registration fee	865
	<u>3,838</u>
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:	
Investment Manager's fee	<u>2,181</u>
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fee (including VAT)	1,019
Safe custody and other bank charges	1,020
	<u>2,039</u>
Other expenses:	
Audit fee (including VAT)	7,200
Audit fee (including VAT): taxation services	1,800
Legal fees	132
Printing costs	800
	<u>9,932</u>
Taxation payable:	
Corporation tax payable	<u>287</u>
<b>Total other creditors</b>	<b><u>33,365</u></b>
<b>9. Cash and Bank Balances</b>	<b>31.10.18</b>
	<b>£</b>
Cash and bank balances	80,798
<b>Cash and bank balances</b>	<b><u>80,798</u></b>

## Notes to the Financial Statements

continued

### 10. Related Party Transactions

Authorised Corporate Director and other fees payable to Maitland Institutional Services Ltd (the ACD) are disclosed in note 4 and amounts due at the year end are shown in note 8.

Fees payable to Hawksmoor Investment Management Limited (the Investment Manager) are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

Amounts receivable from the Investment Manager for Total ongoing charge rebates accrued against expenses are disclosed in note 4 and amounts due at the year end are shown in note 7.

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the MI Hawksmoor Open-Ended Investment Company Funds.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date.

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in Note 12 on pages 26 to 28.

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £489,641.

#### Currency risk

The table below details the currency risk profile at the balance sheet date.

31.10.18

Currency	Total £
Canadian dollar	167,258
Japanese yen	238,458
Pound sterling	3,797,845
United States dollar	756,377
	<b>4,959,938</b>

#### Interest rate risk

The table below details the interest rate risk profile at the balance sheet date:

31.10.18

Currency	Floating rate financial assets £	Assets on which interest distributions are paid £	Assets on which interest distributions are not paid <sup>A</sup> £	Total £
Canadian dollar	–	–	167,258	167,258
Japanese yen	–	–	238,458	238,458
Pound sterling	80,798	358,615	3,391,797	3,831,210
United States dollar	–	221,800	534,577	756,377
	<b>80,798</b>	<b>580,415</b>	<b>4,332,090</b>	<b>4,993,303</b>

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures (continued)

#### Interest rate risk (continued)

31.10.18

Currency	Financial liabilities not carrying interest £	Total £
Pound sterling	33,365	33,365
	<b>33,365</b>	<b>33,365</b>

^ Comprises of Equity Shares which receive dividend revenue and non interest bearing balance sheet debtors.

### 13. Portfolio Transaction Costs

31.10.18

Analysis of purchases	Net purchase cost £	Commissions paid £	%	Taxes £	%	Purchases before transaction cost £
Equities	2,387,611	2,271	0.10	5,960	0.25	2,379,380
Funds	2,721,411	–	0.00	–	0.00	2,721,411
<b>Total purchases after commissions and tax</b>	<b>5,109,022</b>					
Analysis of sales	Net sale proceeds £	Commissions paid £	%	Taxes £	%	Sales before transaction cost £
Equities	–	–	0.00	–	0.00	–
Funds	–	–	0.00	–	0.00	–
<b>Total sales after commissions and tax</b>	<b>–</b>					
Commission as a % of average net assets	0.05%					
Taxes as a % of average net assets	0.12%					

Commissions and taxes as a % of the average net assets form part of the direct transactions costs stated within the comparative tables on page 60. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 31 October 2018 is 0.77%.

## Notes to the Financial Statements

continued

### 15. Fair Value Disclosure

Valuation technique	31.10.18	
	Assets £	Liabilities £
Level 1 <sup>^</sup>	2,296,339	–
Level 2 <sup>^^</sup>	2,600,071	–
Level 3 <sup>^^^</sup>	–	–
	<b>4,896,410</b>	<b>–</b>

<sup>^</sup> Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup> Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

<sup>^^^</sup> Level 3: Valuation techniques using unobservable inputs.

### 16. Shareholders Funds

	C Accumulation	D Accumulation
Opening number of Shares	–	–
Shares issued	340,718	4,901,530
Shares cancelled	(15,131)	(54,256)
<b>Closing number of Shares</b>	<b>325,587</b>	<b>4,847,274</b>



## Distribution Table

for the year ended 31 October 2018

### Accumulation Share Distribution

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2018
C	Final	Group 1	0.0527	–	0.0527
		Group 2	0.0125	0.0402	0.0527
D	Final	Group 1	0.0790	–	0.0790
		Group 2	0.0770	0.0020	0.0790

Final period: 18.09.18 - 31.10.18

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.

# MI Hawksmoor Open-Ended Investment Company

## 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 three Sub-funds, which are detailed below:

MI Hawksmoor - The Vanbrugh Fund

MI Hawksmoor - The Distribution Fund

MI Hawksmoor - The Global Opportunities 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-funds.

### 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	–	–	✓	✓	✓	✓	✓	✓	✓
MI Hawksmoor - The Global Opportunities 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 units, 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 Sub-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.

### Remuneration of the Authorised Corporate Director

Following recent changes to the rules applicable to UCITS management companies, the ACD, Maitland Institutional Services Ltd, adopted on 18 March 2016 a revised remuneration policy which is consistent with the new remuneration principles applicable to UCITS management companies.

Its purpose is to ensure that the remuneration of the staff of the ACD is consistent with and promotes sound and effective risk management, does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of itself and the UCITS it manages (including the Company) and does not impair the ACD's compliance with its duty to act in the best interests of the UCITS it manages.

## General Information

continued

Further information is available in the ACD's Remuneration Policy document which can be obtained from [www.maitlandgroup.com](http://www.maitlandgroup.com). A paper copy of the remuneration policy is available on request from the registered office of the ACD free of charge.

31.10.2018	Number of Beneficiaries	Total Remuneration Paid	Fixed Remuneration
Total remuneration paid by the ACD during the year	80	£245,015	£245,015
Remuneration paid to employees of the ACD who have material impact on the risk profile of the Fund	6	£49,983	£49,983

## Significant Information

### Amendment's to the Sub-fund's name and policy

On 24 September 2018 "The Vanbrugh Fund" changed it's name to "The MI Hawksmoor Vanbrugh Fund".

The investment objective and policy has changed to the following, effective 9 November 2018:

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

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 in these collectives, the portfolio will be exposed to a range of asset classes (such as equities, bonds, property and commodities), underlying currencies, geographic spread and 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.

### 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.

Maitland

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