

Maitland

MI Hawksmoor Open-Ended Investment Company

Annual Report 31 October 2019

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
Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY
Telephone: 01245 398950
Fax: 01245 398951
Website: www.maitlandgroup.com
(Authorised and regulated by the Financial Conduct Authority)

Customer Service Centre

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY
Telephone: 0345 026 4283
Fax: 0845 280 2425
E-mail: Hawksmoor@maitlandgroup.com

Directors of the Authorised Corporate Director

R. Ackermann
J. Clark (retired 27 November 2018)
P.J. Foley-Brickley
S. Georgala (retired 27 November 2018)
D. Jones (retired 2 May 2019)
G. Kok (retired 27 May 2019)
C. O'Keefe (appointed 28 January 2020)
D. Phillips (Non-Executive Director appointed 18 December 2019)
J. Thompson (Non-Executive Director appointed 18 December 2019)

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 (Advisor from 31 December 2018)

Depositary

Northern Trust Global Services SE (UK Branch)
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

Grant Thornton UK LLP, Statutory Auditor
Chartered Accountants
30 Finsbury Square, London EC2A 1AG

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.



P.J. Foley-Brickley

R. Ackermann

Directors

Maitland Institutional Services Ltd

31 January 2020

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 2019

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 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 Branch)

UK Trustee and Depositary Services

31 January 2020

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

Opinion

We have audited the financial statements of MI Hawksmoor Open-Ended Investment Company (the 'Company') for the year ended 31 October 2019. These financial statements comprise together the statement of accounting policies and risk management policies, and the individual financial statements of each of the following Sub-funds of the Company:

- The Vanbrugh Fund
- The Distribution Fund
- The Global Opportunities Fund

The individual financial statements for each of the Company's Sub-funds comprise the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet, notes to the financial statements and the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company and each of the Sub-funds as at 31 October 2019 and of the net revenue and net capital gains/(losses) on the scheme property of the Company and each of the Sub-funds for the year then ended, and
- have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014, the Collective Investment Schemes sourcebook, and the Company's Instrument of Incorporation.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company or a sub-fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Authorised Corporate Director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

continued

Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the 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 the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the Company or a Sub-fund have not been kept, or
- the financial statements are not in agreement with those accounting records.

Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities on page 2, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to terminate a sub-fund, wind up the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with regulation 67(2) of the Open-Ended Investment Companies Regulations 2001, and with Rule 4.5.12 of the Collective Investment Schemes sourcebook. 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.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
31 January 2020

Accounting Policies and Risk Management Policies

for the year ended 31 October 2019

1. Accounting Policies

The financial statements for MI Hawksmoor Open-Ended Investment Company comprises the individual financial statements for each Sub-fund and the accounting policies and risk management policies below:

(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 Company can be found within the general information starting on page xx.

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 are charged against revenue for the year on an accruals basis.

(e) Allocation of revenue and expenses to multiple share classes

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.

Accounting Policies and Risk Management Policies

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.

At the year end, there were no items of a capital nature.

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

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

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

For The Global Opportunities Fund, all expenses (except for those relating to the purchase and sale of investments) are charged against revenue for the year.

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 ACD taking into account where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

Derivative instruments are valued at the cost of closing out the contract at the balance sheet date.

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.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – Unadjusted quoted price in an active market for an identical instrument.
- Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.
- Level 3 – Valuation techniques using unobservable inputs.

(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.

Accounting Policies and Risk Management Policies

continued

2. Risk Management Policies

In pursuing its investment objectives, the Sub-funds 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-funds' 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 and currency risk in relation to the investment portfolio and foreign cash positions.

The Sub-funds may also enter into a range of derivative transactions whose purpose is efficient portfolio management. In addition the Sub-funds 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 losses the Sub-funds 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-funds in the context of all their investments.

The Sub-funds' investment portfolio is exposed to market price fluctuations, which are monitored by the Company 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-funds will be exposed.

Currency risk

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

Currency risk is the risk that the value of the Sub-funds' investments will fluctuate as a result of changes in currency exchange rates. For Sub-funds where a proportion of the net assets of the Sub-fund is denominated in currencies other than sterling, the balance sheet can be affected by movements in exchange rates. The Company monitors the currency exposure of the Sub-funds 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.

Interest rate risk

Interest rate risk is the risk that the value of the Sub-funds' investments will fluctuate as a result of changes in interest rates. The Sub-funds may invest in fixed and floating rate securities or schemes that invest in fixed or floating rate securities. The revenue of these Sub-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.

A risk limit system is employed to monitor the risks related to the investment types, concentration and diversification of the Sub-funds' portfolios.

Accounting Policies and Risk Management Policies

continued

2. Risk Management Policies (continued)

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 unquoted securities.

Stress testing and scenario analysis is carried out on a regular basis.

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 manages the Sub-funds' cash to ensure they can meet their liabilities. In addition the ACD monitors market liquidity of all securities, seeking to ensure the Sub-funds maintain sufficient liquidity to meet known and potential redemption activity. The Sub-funds cash balances are monitored daily by the ACD and the Investment Manager. All of the Sub-funds financial liabilities are payable on demand or in less than one year.

MISL conducts regular monitoring to ensure the liquidity profile of a Sub-fund's investments comply with its underlying obligations, particularly its ability to meet redemption requests.

Stress tests are undertaken, under normal and exceptional liquidity conditions, in order to assess the liquidity risk of each Sub-fund.

Counterparty risk

The risk that the counterparty will not deliver the investments for a purchase or the cash for a sale after the Sub-funds 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.

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. 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 2019

Market and Performance Review

Despite a difficult end to 2018, the period under review has been an almost uniformly positive one for financial markets with nearly all major asset classes delivering positive performance. This is unusual in itself but perhaps even more extraordinary is the quantum of returns, particularly when considering the maturity of the economic cycle and the elevated starting valuations of many assets. World equities, for example, delivered a total return of 11.3% whilst global bond markets were not far behind, generating performance of 8.2%. Within the latter, both riskier corporate bonds and high quality government debt did well whilst gold also joined the party with outsized returns of 22.3%. With risk facing assets and perceived safe havens rallying at the same time, investors could be excused for feeling a little confused, particularly given the heightened uncertainty emanating from volatile and often binary geo-political factors such as the US-China trade war and seemingly never ending Brexit negotiations. Looking at the anatomy of the equity market rally is revealing, with gains almost exclusively driven by multiple expansion in the face of downgrades to corporate earnings forecasts. In other words, investors have been willing to pay a higher price for company earnings despite collective confidence in the veracity of those earnings deteriorating. Central bank monetary policy remained a dominant driver of markets with the US Federal Reserve's pivot to a more accommodative policy stance and the European Central Bank's decision to restart its quantitative easing programme sparking a shift lower in bond yields. The fact that the world now has \$15 trillion in negative yielding debt is truly remarkable and has forced investors to shoulder more risk in pursuit of inflation beating returns. This has helped sustain tight corporate bond spreads and lofty equity valuations, despite softening economic data and underwhelming corporate earnings.

Over the period The Vanbrugh Fund delivered a total return of 4.3% compared to a gain of 6.5% for the IA Mixed Investment 20-60% Shares Sector. In absolute terms these positive returns build on the Sub-fund's strong long term performance track record, but we fully recognise that shorter run relative returns have been disappointing. We explore the drivers of this underperformance in more detail later in this report, but in short, the Sub-fund's relatively defensive positioning has resulted in us failing to fully capture the upside enjoyed by the major equity and bond markets. Splitting the period under review into discrete time frames is instructive of Vanbrugh's prevailing return characteristics, with the Sub-fund underperforming during the past year's equity market rallies but outperforming during equity sell-offs. Taking a longer term view, performance remains excellent with the Sub-fund returning 167.3% since launch in February 2009 versus the IA Sector of 95.9%. Recognising the quality and consistency of returns, the third party research firm Defaqto has assigned their top rating to the Sub-fund, whilst Vanbrugh has also recently won the 'Best Multi-Asset Fund: Long-Term Growth' at the 2019 Professional Adviser Awards. Although past performance is pleasing and awards are nice things to have, we remain entirely focused on achieving good returns for investors whether they have been with us since launch, or only invested in recent weeks.

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

Investment Manager's Report

continued

Income Distribution

For the six-month period to 31 October 2019, Vanbrugh generated income of 1.3417 pence per C Income share (pps), going ex-dividend on 1 November with the income paid to income shareholders at the end of December 2019. This distribution together with the last dividend (1.0813 pps) amounts to an annualised yield of 1.99% based on the price at 1 November 2018. 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 2019. However, The 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.

Portfolio Review and Investment Outlook

Against the backdrop of recent relative underperformance it is perhaps worth revisiting our *raison d'être* and investment process. Our guiding objective in managing the Vanbrugh Fund is to deliver through the cycle positive real returns net of all costs for our investors. A truly unconstrained approach to asset allocation is, we believe, the best way of achieving this aim. As such, we refuse to operate within the confines of a benchmark driven framework and are comfortable that the Sub-fund at times may look very different from peers. Instead we look to construct a sensibly diversified portfolio of individual assets each of which offer a margin of safety, often via valuation support, or that offer strong diversification benefits. The corollary of this key tenet of our investment process is that we refuse to own expensive assets and whilst there are pockets of value in mainstream equity and bond markets, valuations in aggregate look stretched. As a result, Vanbrugh's exposure to traditional equities and bonds during the period under review has been at its lowest in the Sub-fund's history. The negative impact of this general positioning on relative performance has been exacerbated by Vanbrugh's specifically low exposure to US growth stocks and longer duration fixed income assets which have continued to lead markets higher despite carrying the most aggressive starting valuations.

The Vanbrugh Fund is actively managed and its asset allocation will evolve over time. As such the low exposure to mainstream assets is not a permanent state and is likely to increase should valuations become more attractive. In the meantime the Sub-fund has a greater allocation to more idiosyncratic investments where we have confidence that positive returns can be delivered irrespective of the direction of broader markets. These include Hipgnosis Songs Fund, an investment trust which offers exposure to music royalties, and Tufton Oceanic Assets, a play on the improving supply-demand dynamics of the shipping industry, both of which deliver attractive uncorrelated yields. The Sub-fund's weight to hedging assets which should do well in more difficult equity market environments increased with the addition of hedge funds like Odey Swan and Garraway Financial Trends whilst further diversification has been achieved with a bolstering of our gold positions and the introduction of bond fund's like Allianz Strategic Bond Fund and CG Dollar. Elsewhere in fixed income we exited our long held position in Schroder Strategic Credit reflecting our view that developed market corporate bond yields were no longer sufficiently compensating investors for the credit risks involved. In keeping with our highly selective and valuation driven approach to equities, we increased exposure to the UK market which looked fundamentally cheap versus other regions and history, and also upped our positions in a number of high quality private equity investment trusts trading on significant discounts to net asset value.

We have always had a preference for smaller funds which we believe are better placed to outperform their respective benchmarks and also acknowledge that industry scrutiny of size and liquidity has increased markedly. Ashmore Emerging Market Short Duration and Hermes Asia ex-Japan were both sold in the period following a significant increase in assets under management, with the former switched into the more nimble M&G Emerging Markets Bond Fund.

Performance in the period was hurt by a couple of stock specific issues with Civitas Social Housing and Phoenix Spree Deutschland both de-rating aggressively as a result of increased regulatory risk in their respective markets (UK social housing and Berlin residential property). Interrogation of the original investment thesis and extended due diligence which included field trips and conversations with management, regulators and valuers underpinned our confidence in both investments and, in the case of Phoenix Spree Deutschland, we have used the negative sentiment and share price weakness to add to our position. Property exposure in general remains highly targeted towards areas with supportive supply and demand fundamentals helping us avoid the well documented travails of the retail sector. Similarly, in fixed income our selective investments in emerging market debt and direct asset backed lenders are delivering attractive real yields well in excess of those available in government and corporate bond markets.

Investment Manager's Report

continued

The Sub-fund's allocation to closed-ended investment trusts continues to play an important role, providing not only trading opportunities around discount-premium movements but also offering access to less liquid assets such as property, specialist debt and private equity. The Vanbrugh Fund is as well diversified today as it ever has been, with its relatively low exposure to mainstream markets reflecting elevated valuations and concerns regarding the maturity of the equity bull market which suggest that the high levels of return enjoyed over the past decade are unlikely to be sustained in the future. That said, we are still able to find pockets of value from across our broad investment universe and are excited by the return prospects of many of our individual holdings.

More information about the Vanbrugh Fund can be found on the Hawksmoor website 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 funds@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 and Ben Conway
Hawksmoor Investment Management Ltd
19 November 2019

Portfolio Statement

as at 31 October 2019

Holding	Security	Market value £	% of total net assets 2019
Absolute Return 5.18% (9.57%)			
12,500,000	Jupiter Absolute Return - I Accumulation*	6,588,750	3.66
55,000	Odey Swan - I GBP Income*	2,728,369	1.52
		9,317,119	5.18
Alternatives 4.27% (3.65%)			
700,000	Polar Capital Global Convertible - I GBP Distribution*	5,572,000	3.10
1,250,000	Hipgnosis Songs Fund	1,337,500	0.74
750,000	Hipgnosis Songs Fund - C	765,000	0.43
		7,674,500	4.27
Biotechnology 0.00% (0.96%)			
Commodity 6.56% (4.40%)			
1,600,000	LF Ruffer Gold - I Accumulation*	3,256,640	1.81
600,000	Merian Gold & Silver - U1 GBP Accumulation*	8,545,260	4.75
		11,801,900	6.56
Emerging Market Equity 1.37% (2.24%)			
2,900,000	Mobius Investment Trust	2,465,000	1.37
Far East Equity 3.22% (3.03%)			
1,705,000	Ashoka India Equity Investment Trust	1,841,400	1.02
250,000	Guinness Asian Equity Income Z GBP Distribution*	3,948,800	2.20
		5,790,200	3.22
Fixed Interest 24.47% (28.60%)			
3,400,000	Allianz Strategic Bond Fund - I GBP Income*	3,695,800	2.06
1,881,533	BioPharma Credit	1,461,314	0.81
27,000	CG Portfolio Fund - Dollar D GBP Distribution*	4,405,590	2.45
2,300,000	GCP Asset Backed Income	2,461,000	1.37
2,400,000	GCP Infrastructure Investments	3,081,600	1.71
3,400,000	M&G Emerging Markets Bond Fund - IH - GBP Income*	3,383,340	1.88
55,000	MI TwentyFour Investment Funds - Monument Bond - I Income*	6,142,912	3.41
47,500	Muzinich Asia Credit Opportunities - Hedged GBP Income Founder*	4,641,700	2.58
1,919,199	RM Secured Direct Lending	1,880,815	1.05
11,200,000	Royal London Short Duration Global High Yield Bond - Z Income*	9,721,600	5.40
30,000	Semper Total Return	3,137,400	1.75
		44,013,071	24.47
Global Equity 8.15% (4.75%)			
3,300,000	Artemis Global Select - I Accumulation*	4,194,960	2.33
1,500,000	BB Healthcare Trust	1,942,500	1.08
2,700,000	Fidelity Inv Global Enhanced Income Fund - W Income*	3,912,300	2.18
800,000	Polar Capital Insurance - I GBP Income*	4,610,400	2.56
		14,660,160	8.15

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2019
Japanese Equity 3.52% (4.26%)			
2,250,000	Baillie Gifford Japanese Income Growth - B Income*	3,123,000	1.73
3,150,000	Jupiter Japan Income - I Income*	3,214,890	1.79
		6,337,890	3.52
Multi Asset 5.26% (3.76%)			
3,400	Garraway Financial Trends - A GBP Hedged Accumulation*	3,507,848	1.95
1,026,003	Henderson Alternative Strategies Trust	2,698,388	1.50
30,000	Natixis ASG Managed Futures*	3,258,900	1.81
		9,465,136	5.26
Private Equity 4.66% (3.87%)			
985,000	HgCapital Trust	2,368,925	1.32
330,000	ICG Enterprise Trust	3,075,600	1.71
1,330,000	Oakley Capital Investments**	2,926,000	1.63
		8,370,525	4.66
Property 13.48% (14.94%)			
2,890,500	AEW UK Long Lease REIT	2,153,423	1.20
3,924,285	Civitas Social Housing	3,335,642	1.85
1,962,000	Impact Healthcare REIT	2,099,340	1.17
797,288	LXi REIT	996,610	0.55
1,727,460	Phoenix Spree Deutschland	5,493,323	3.05
2,800,000	Supermarket Income REIT	2,912,000	1.62
3,000,000	PRS REIT	2,640,000	1.47
2,976,396	Tufton Oceanic Assets	2,323,153	1.29
2,125,000	Warehouse REIT**	2,305,625	1.28
		24,259,116	13.48
United Kingdom Equity 9.54% (9.11%)			
800,000	Artemis Alpha Trust	2,336,000	1.30
4,500,000	Man GLG Undervalued Assets - D Income*	6,160,500	3.42
1,800,000	Odyssean Investment Trust	1,818,000	1.01
600,000	Polar Capital UK Value Opportunities Fund GBP - Income*	6,852,000	3.81
		17,166,500	9.54
Investment assets		161,321,117	89.68
Net other assets		18,571,749	10.32
Net assets		179,892,866	100.00

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 31.10.18.

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

**Quoted on AIM.

Comparative Tables

Change in net assets per share

	A Income GBP		
	31.10.19 p	31.10.18 p	31.10.17 p
Opening net asset value per share	212.82	218.18	204.10
Return before operating charges [^]	11.42	1.93	21.74
Operating charges	-4.73	-4.95	-4.94
Return after operating charges [^]	6.69	-3.02	16.80
Distributions	-3.44	-2.34	-2.72
Closing net asset value per share	216.07	212.82	218.18
[^] After direct transaction costs of	-0.11	-0.11	-0.17
Performance			
Return after charges	3.14%	-1.38%	8.23%
Other information			
Closing net asset value	£101,205	£127,610	£192,246
Closing number of shares	46,838	59,961	88,433
Operating charges	2.19%	2.26%	2.33%
Ongoing operating charges*	2.17%	2.26%	2.31%
Direct transaction costs	0.05%	0.05%	0.08%
Prices			
Highest share price	222.12	223.00	220.33
Lowest share price	208.35	213.64	201.49

	A Accumulation GBP		
	31.10.19 p	31.10.18 p	31.10.17 p
Opening net asset value per share	149.61	151.70	140.07
Return before operating charges [^]	8.05	1.36	15.03
Operating charges	-3.33	-3.45	-3.40
Return after operating charges [^]	4.72	-2.09	11.63
Distributions	-2.43	-1.64	-1.87
Retained distributions on accumulation shares	2.43	1.64	1.87
Closing net asset value per share	154.33	149.61	151.70
[^] After direct transaction costs of	-0.08	-0.08	-0.12
Performance			
Return after charges	3.15%	-1.38%	8.30%
Other information			
Closing net asset value	£125,389	£159,953	£181,873
Closing number of shares	81,247	106,912	119,889
Operating charges	2.19%	2.26%	2.33%
Ongoing operating charges*	2.17%	2.26%	2.31%
Direct transaction costs	0.05%	0.05%	0.08%
Prices			
Highest share price	157.24	155.06	152.26
Lowest share price	146.47	149.12	138.38

Comparative Tables

continued

Change in net assets per share

	B Income GBP		
	31.10.19 p	31.10.18 p	31.10.17 p
Opening net asset value per share	139.53	142.69	133.11
Return before operating charges [^]	7.48	1.27	14.23
Operating charges	-2.39	-2.53	-2.53
Return after operating charges [^]	5.09	-1.26	11.70
Distributions	-2.61	-1.90	-2.12
Closing net asset value per share	142.01	139.53	142.69
[^] After direct transaction costs of	-0.07	-0.07	-0.11
Performance			
Return after charges	3.65%	-0.88%	8.79%
Other information			
Closing net asset value	£3,391,302	£5,824,519	£6,905,567
Closing number of shares	2,388,000	4,174,446	4,839,699
Operating charges	1.69%	1.76%	1.83%
Ongoing operating charges*	1.67%	1.76%	1.81%
Direct transaction costs	0.05%	0.05%	0.08%
Prices			
Highest share price	145.98	145.98	144.25
Lowest share price	136.70	140.25	131.51

	B Accumulation GBP		
	31.10.19 p	31.10.18 p	31.10.17 p
Opening net asset value per share	155.52	156.91	144.18
Return before operating charges [^]	8.39	1.40	15.49
Operating charges	-2.68	-2.79	-2.76
Return after operating charges [^]	5.71	-1.39	12.73
Distributions	-2.92	-2.10	-2.30
Retained distributions on accumulation shares	2.92	2.10	2.30
Closing net asset value per share	161.23	155.52	156.91
[^] After direct transaction costs of	-0.08	-0.08	-0.12
Performance			
Return after charges	3.67%	-0.89%	8.83%
Other information			
Closing net asset value	£5,163,627	£6,043,732	£5,060,031
Closing number of shares	3,202,738	3,886,065	3,224,831
Operating charges	1.69%	1.76%	1.83%
Ongoing operating charges*	1.67%	1.76%	1.81%
Direct transaction costs	0.05%	0.05%	0.08%
Prices			
Highest share price	164.06	160.53	157.47
Lowest share price	152.37	154.82	142.50

Comparative Tables

continued

Change in net assets per share

	B Accumulation EUR		
	31.10.19 €c	31.10.18 €c	31.10.17 €c
Opening net asset value per share	130.69	132.95	119.08
Return before operating charges [^]	10.94	-0.25	15.89
Operating charges	-1.93	-2.01	-2.02
Return after operating charges [^]	9.01	-2.26	13.87
Distributions	-2.71	-1.94	-2.15
Retained distributions on accumulation shares	2.71	1.94	2.15
Closing net asset value per share	139.70	130.69	132.95
[^] After direct transaction costs of	-0.07	-0.07	-0.10
Performance			
Return after charges	6.89%	-1.70%	11.65%
Other information			
Closing net asset value	€6,625,482	€6,754,639	€6,762,086
Closing number of shares	4,742,607	5,168,281	5,086,255
Operating charges	1.44%	1.51%	1.58%
Ongoing operating charges*	1.42%	1.51%	1.56%
Direct transaction costs	0.05%	0.05%	0.08%
Prices			
Highest share price	139.87	136.28	133.32
Lowest share price	125.51	129.84	118.53

The foreign exchange rate used to calculate net asset value and net distribution per share as at 31 October 2019 was € 1.1599 (2018: € 1.1277, 2017: € 1.1399).

	C Income GBP		
	31.10.19 p	31.10.18 p	31.10.17 p
Opening net asset value per share	121.40	123.99	115.50
Return before operating charges [^]	6.52	1.11	12.38
Operating charges	-1.78	-1.89	-1.90
Return after operating charges [^]	4.74	-0.78	10.48
Distributions	-2.42	-1.81	-1.99
Closing net asset value per share	123.72	121.40	123.99
[^] After direct transaction costs of	-0.06	-0.06	-0.10
Performance			
Return after charges	3.91%	-0.63%	9.07%
Other information			
Closing net asset value	£13,806,977	£26,853,400	£31,111,592
Closing number of shares	11,160,102	22,119,923	25,091,656
Operating charges	1.44%	1.51%	1.58%
Ongoing operating charges*	1.42%	1.51%	1.56%
Direct transaction costs	0.05%	0.05%	0.08%
Prices			
Highest share price	127.17	126.91	125.41
Lowest share price	118.98	122.10	114.16

Comparative Tables

continued

Change in net assets per share

	C Accumulation GBP		
	31.10.19 p	31.10.18 p	31.10.17 p
Opening net asset value per share	132.35	133.20	122.03
Return before operating charges [^]	7.14	1.18	13.19
Operating charges	-1.95	-2.03	-2.02
Return after operating charges [^]	5.19	-0.85	11.17
Distributions	-2.66	-1.95	-2.11
Retained distributions on accumulation shares	2.66	1.95	2.11
Closing net asset value per share	137.54	132.35	133.20
[^] After direct transaction costs of	-0.07	-0.07	-0.10
Performance			
Return after charges	3.92%	-0.64%	9.15%
Other information			
Closing net asset value	£81,805,464	£62,757,524	£47,204,832
Closing number of shares	59,475,681	47,419,174	35,440,274
Operating charges	1.44%	1.51%	1.58%
Ongoing operating charges*	1.42%	1.51%	1.56%
Direct transaction costs	0.05%	0.05%	0.08%
Prices			
Highest share price	139.87	136.34	133.66
Lowest share price	129.72	131.56	120.64

	D Income GBP		
	31.10.19 p	31.10.18 p	31.10.17 p
Opening net asset value per share	121.55	123.99	115.35
Return before operating charges [^]	6.54	1.10	12.38
Operating charges	-1.47	-1.58	-1.60
Return after operating charges [^]	5.07	-0.48	10.78
Distributions on income shares	-2.59	-1.96	-2.14
Closing net asset value per share	124.03	121.55	123.99
[^] After direct transaction costs of	-0.06	-0.06	-0.10
Performance			
Return after charges	4.17%	-0.39%	9.34%
Other information			
Closing net asset value	£44,780,050	£29,503,126	£25,758,985
Closing number of shares	36,105,389	24,272,936	20,775,609
Operating charges	1.19%	1.26%	1.33%
Ongoing operating charges*	1.17%	1.26%	1.31%
Direct transaction costs	0.05%	0.05%	0.08%
Prices			
Highest share price	127.49	126.97	125.48
Lowest share price	119.18	122.33	114.03

Comparative Tables

continued

Change in net assets per share

	D Accumulation GBP		
	31.10.19 p	31.10.18 p	31.10.17 p
Opening net asset value per share	128.03	128.52	117.51
Return before operating charges [^]	6.92	1.15	12.64
Operating charges	-1.56	-1.64	-1.63
Return after operating charges [^]	5.36	-0.49	11.01
Distributions	-2.73	-2.05	-2.18
Retained distributions on accumulation shares	2.73	2.05	2.18
Closing net asset value per share	133.39	128.03	128.52
[^] After direct transaction costs of	-0.07	-0.06	-0.10
Performance			
Return after charges	4.19%	-0.38%	9.37%
Other information			
Closing net asset value	£25,006,736	£467,060	£160,205
Closing number of shares	18,746,863	364,812	124,652
Operating charges	1.19%	1.26%	1.33%
Ongoing operating charges*	1.17%	1.26%	1.31%
Direct transaction costs	0.05%	0.05%	0.08%
Prices			
Highest share price	135.56	131.61	128.96
Lowest share price	125.53	127.07	115.96

*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 in the operating charge.

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



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 2019

	Note	£	31.10.19 £	£	31.10.18 £
Income					
Net capital gains/(losses)	2		3,365,261		(2,479,460)
Revenue	3	4,095,016		2,822,758	
Expenses	4	(1,389,192)		(1,271,917)	
Interest payable and similar charges	4	1		–	
Net revenue before taxation		2,705,825		1,550,841	
Taxation	5	(167,306)		–	
Net revenue after taxation			2,538,519		1,550,841
Total return before distributions			5,903,780		(928,619)
Distributions	6		(3,078,060)		(1,956,266)
Change in net assets attributable to Shareholders from investment activities			2,825,720		(2,884,885)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2019

	£	31.10.19 £	£	31.10.18 £
Opening net assets attributable to Shareholders		137,726,672		122,508,206
Amounts receivable on issue of shares	78,396,347		48,781,770	
Less: Amounts payable on cancellation of shares	(41,146,040)		(31,737,407)	
		37,250,307		17,044,363
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		2,825,720		(2,884,885)
Retained distributions on accumulation shares		2,090,167		1,058,988
Closing net assets attributable to Shareholders		179,892,866		137,726,672

The notes on pages 23 to 30 form an integral part of these Financial Statements.

Balance Sheet

as at 31 October 2019

	Note	£	31.10.19 £	£	31.10.18 £
ASSETS					
Fixed Assets					
Investments			161,321,117		128,276,332
Current Assets					
Debtors	7	1,739,780		4,520,107	
Cash and bank balances	9	18,445,788		7,241,106	
Total current assets			20,185,568		11,761,213
Total assets			181,506,685		140,037,545
LIABILITIES					
Investment liabilities			–		–
Creditors					
Distribution payable		(699,381)		(588,100)	
Other creditors	8	(914,438)		(1,722,773)	
Total creditors			(1,613,819)		(2,310,873)
Total liabilities			(1,613,819)		(2,310,873)
Net assets attributable to Shareholders			179,892,866		137,726,672

The notes on pages 23 to 30 form an integral part of these Financial Statements.

Notes to the Financial Statements

for the year ended 31 October 2019

1. Accounting Policies

The Sub-fund's Financial statements have been prepared on the same basis as the Accounting Policies stated on pages 6 to 7.

2. Net Capital Gains/(Losses)	31.10.19	31.10.18
	£	£
Non-derivative securities	3,347,402	(2,460,097)
Currency gains/(losses)	23,951	(7,577)
Transaction charges	(6,092)	(11,786)
Net capital gains/(losses)	3,365,261	(2,479,460)

3. Revenue	31.10.19	31.10.18
	£	£
UK dividends: Ordinary	262,008	284,921
Overseas dividends	859,661	488,934
Property income distributions	664,485	333,612
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	370,603	191,055
Unfranked investment income	291,762	185,410
Interest distributions	1,350,702	1,125,728
Bank interest	–	196
HM Revenue & Customs interest	106	–
Interest distributions from other investment funds	295,689	212,902
Total revenue	4,095,016	2,822,758

4. Expenses	31.10.19	31.10.18
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	136,983	124,491
Registration fees	111,801	102,817
	<u>248,784</u>	<u>227,308</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	1,050,624	959,375

Notes to the Financial Statements

continued

4. Expenses (continued)	31.10.19 £	31.10.18 £
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	48,962	43,628
Safe custody and other bank charges	15,485	16,722
	64,447	60,350
Other expenses:		
Audit fee (including VAT)	8,652	–
Audit fee (including VAT) predecessor	–	7,200
Tax Compliance Services (including VAT)	1,800	–
Tax Compliance Services (including VAT) predecessor tax adviser	300	2,400
Legal fees	10,200	10,151
Printing costs	4,385	5,133
	25,337	24,884
Expenses	1,389,192	1,271,917
Interest payable and similar charges	(1)	–
Total	1,389,191	1,271,917

5. Taxation	31.10.19 £	31.10.18 £
a) Analysis of charge in the year:		
Corporation tax at 20%	166,908	–
Adjustments in respect of prior periods	(901)	–
Income tax deducted at source	1,299	–
Total tax charge (note 5b)	167,306	–

(b) Factors affecting taxation charge for the year:

Net revenue before taxation	2,705,825	1,550,841
Corporation tax at 20%	541,165	310,168
Effects of:		
UK dividends	(126,522)	(95,195)
Adjustments in respect of prior periods	(901)	23,215
HM Revenue & Customs interest	(21)	–
Movement in surplus management expenses	(16,130)	(103,319)
Non-taxable overseas earnings	(230,285)	(134,869)
Total tax charge (note 5a)	167,306	–

(c) Deferred tax

At the year end there is a potential deferred tax asset of £nil (2018: £16,310) in relation to surplus management expenses.

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:

		31.10.19	31.10.18
		£	£
Interim distribution	30.04.19	1,379,322	753,117
Final distribution	31.10.19	1,975,019	1,272,187
		<hr/> 3,354,341	<hr/> 2,025,304
Revenue deducted on cancellation of shares		220,856	150,283
Revenue received on issue of shares		(497,137)	(219,321)
Distributions		<hr/> 3,078,060	<hr/> 1,956,266

Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		2,538,519	1,550,841
Expenses allocated to capital		694,595	635,958
Relief on expenses allocated to capital		(155,050)	(207,295)
Relief on expenses allocated to capital prior year adjustment		–	(23,215)
Undistributed revenue brought forward		72	49
Undistributed revenue carried forward		(76)	(72)
Distributions		<hr/> 3,078,060	<hr/> 1,956,266

7. Debtors

		31.10.19	31.10.18
		£	£
Amounts receivable on issues		1,289,769	1,007,751
Sales awaiting settlement		–	3,272,000
Accrued income:			
Dividends receivable		448,712	215,214
Income tax recoverable		1,299	21,795
Prepaid expenses:			
KIID fee		–	3,347
Total debtors		<hr/> 1,739,780	<hr/> 4,520,107

Notes to the Financial Statements

continued

8. Other Creditors	31.10.19	31.10.18
	£	£
Amounts payable on cancellations	215,959	347,992
Purchases awaiting settlement	355,624	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	12,911	10,875
Registration fee	10,107	8,129
	<u>23,018</u>	<u>19,004</u>
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	<u>101,128</u>	<u>83,952</u>
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	22,035	3,672
Safe custody and other bank charges	6,054	1,422
	<u>28,089</u>	<u>5,094</u>
Other expenses:		
Audit fee (including VAT)	8,652	–
Audit fee (including VAT) predecessor	7,200	7,200
Tax Compliance Services (including VAT)	1,800	–
Tax Compliance Services (including VAT) predecessor tax adviser	2,100	3,600
Legal fees	1,461	–
Printing costs	1,200	1,900
	<u>22,413</u>	<u>12,700</u>
Taxation payable:		
Corporation tax payable	<u>168,207</u>	<u>–</u>
Total other creditors	<u>914,438</u>	<u>1,722,773</u>
9. Cash and Bank Balances	31.10.19	31.10.18
	£	£
Cash and bank balances	18,445,788	7,241,106
Cash and bank balances	<u>18,445,788</u>	<u>7,241,106</u>

Notes to the Financial Statements

continued

10. Related Party Transactions

Maitland Institutional Services Limited (MISL) is regarded as a related party by virtue of having the ability to act in respect of the operations of the Sub-fund in its capacity as the Authorised Corporate Director.

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 (2018: 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 the risk management policies on pages 8 and 9.

Numerical disclosures relating to the Sub-fund are as follows:

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 £16,132,112 (2018: £12,827,633).

Currency risk

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

	31.10.19	31.10.18
Currency	Total £	Total £
Canadian dollar	8,545,260	3,902,675
Indonesian rupiah	1,841,400	–
Japanese yen	6,337,890	5,868,855
Pound sterling	125,973,811	97,020,231
United States dollar	37,194,505	30,934,911
	179,892,866	137,726,672

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:

31.10.19

Currency	Floating rate financial assets £	Assets on which interest distributions are paid £	Assets on which interest distributions are not paid [^] £	Total £
Canadian Dollar	–	–	8,545,260	8,545,260
Indonesian rupiah	–	–	1,841,400	1,841,400
Japanese yen	–	–	6,337,890	6,337,890
Pound sterling	18,445,788	27,449,382	81,692,460	127,587,630
United States dollar	–	14,320,314	22,874,191	37,194,505
	18,445,788	41,769,696	121,291,201	181,506,685

Currency	Financial liabilities not carrying interest £	Total £
Pound sterling	1,613,819	1,613,819
	1,613,819	1,613,819

[^] Comprises of Equity Shares which receive dividend revenue and debtors.

31.10.18

Currency	Floating rate financial assets £	Assets on which interest distributions are paid £	Assets on which interest distributions are not paid [^] £	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
	7,241,106	33,411,160	99,385,279	140,037,545

Currency	Financial liabilities not carrying interest £	Total £
Pound sterling	2,310,873	2,310,873
	2,310,873	2,310,873

[^] Comprises of Equity Shares which receive dividend revenue and debtors.

Notes to the Financial Statements

continued

13. Portfolio Transaction Costs

31.10.19

Analysis of purchases	Gross purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	23,080,356	14,535	0.06	40,948	0.18	23,024,873
Funds	45,327,836	–	0.00	–	0.00	45,327,836
Total purchases after commissions and tax	68,408,192					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	13,081,446	16,447	0.12	38	0.00	13,097,931
Funds	25,628,217	–	0.00	–	0.00	25,628,217
Total sales after commissions and tax	38,709,663					
Commission as a % of average net assets	0.02%					
Taxes as a % of average net assets	0.03%					

31.10.18

Analysis of purchases	Gross 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
Total purchases after commissions and tax	49,976,548					
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
Total sales after commissions and tax	35,537,694					
Commission as a % of average net assets	0.02%					
Taxes as a % of average net assets	0.03%					

Commissions and taxes as a % of the average net assets form part of the direct transactions costs stated within the comparative tables on pages 15 to 19. 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 2019 is 0.41% (2018: 0.47%).

15. Fair Value Disclosure

Valuation technique	31.10.19		31.10.18	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 [^]	56,718,158	–	46,773,296	–
Level 2 ^{^^}	104,602,959	–	81,503,036	–
Level 3 ^{^^^}	–	–	–	–
	161,321,117	–	128,276,332	–

[^] Level 1: Unadjusted quoted price in an active market for an identical instrument.

^{^^} Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

^{^^^} 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	59,961	106,912	4,174,446	3,886,065
Shares issued	–	–	61,056	459,532
Shares cancelled	(13,123)	(25,665)	(1,601,130)	(470,458)
Shares converted	–	–	(246,372)	(672,401)
Closing number of Shares	46,838	81,247	2,388,000	3,202,738

	B Accumulation EUR
Opening number of Shares	5,168,281
Shares issued	51,156
Shares cancelled	(476,830)
Shares converted	–
Closing number of Shares	4,742,607

	C Income GBP	C Accumulation GBP	D Income GBP	D Accumulation GBP
Opening number of Shares	22,119,923	47,419,174	24,272,936	364,812
Shares issued	2,558,160	30,250,770	6,655,951	19,646,720
Shares cancelled	(2,647,641)	(18,454,906)	(5,962,850)	(1,810,327)
Shares converted	(10,870,340)	260,643	11,139,352	545,658
Closing number of Shares	11,160,102	59,475,681	36,105,389	18,746,863

Distribution Tables

for the year ended 31 October 2019

Income Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
A GBP	Interim [^]	Group 1	1.5016p	–	1.5016p	0.8142p
		Group 2	–	–	–	0.8142p
	Final [^]	Group 1	1.9350p	–	1.9350p	1.5296p
		Group 2	–	–	–	–
B GBP	Interim	Group 1	1.1620p	–	1.1620p	0.7111p
		Group 2	0.4068p	0.7552p	1.1620p	0.7111p
	Final	Group 1	1.4519p	–	1.4519p	1.1936p
		Group 2	0.4215p	1.0304p	1.4519p	1.1936p
C GBP	Interim	Group 1	1.0813p	–	1.0813p	0.6955p
		Group 2	0.4744p	0.6069p	1.0813p	0.6955p
	Final	Group 1	1.3417p	–	1.3417p	1.1160p
		Group 2	0.6920p	0.6497p	1.3417p	1.1160p
D GBP	Interim	Group 1	1.1639p	–	1.1639p	0.7726p
		Group 2	0.8375p	0.3264p	1.1639p	0.7726p
	Final	Group 1	1.4238p	–	1.4238p	1.1968p
		Group 2	0.7653p	0.6585p	1.4238p	1.1968p

[^] No Group 2 shares held.

Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2019	Amount reinvested 2018
A GBP	Interim [^]	Group 1	1.0582p	–	1.0582p	0.5680p
		Group 2	1.0582p	–	1.0582p	–
	Final [^]	Group 1	1.3707p	–	1.3707p	1.0790p
		Group 2	1.3707p	–	1.3707p	–
B GBP	Interim	Group 1	1.2943p	–	1.2943p	0.7827p
		Group 2	0.7713p	0.5230p	1.2943p	0.7827p
	Final	Group 1	1.6302p	–	1.6302p	1.3194p
		Group 2	0.8215p	0.8087p	1.6302p	1.3194p
B EUR	Interim	Group 1	1.2057€ c	–	1.2057€ c	0.7458€ c
		Group 2	1.2057€ c	–	1.2057€ c	0.7458€ c
	Final	Group 1	1.4995€ c	–	1.4995€ c	1.1936€ c
		Group 2	0.7707€ c	0.7288€ c	1.4995€ c	1.1936€ c
C GBP	Interim	Group 1	1.1837p	–	1.1837p	0.7472p
		Group 2	0.4768p	0.7069p	1.1837p	0.7472p
	Final	Group 1	1.4756p	–	1.4756p	1.2071p
		Group 2	0.6089p	0.8667p	1.4756p	1.2071p
D GBP	Interim	Group 1	1.2228p	–	1.2228p	0.8014p
		Group 2	0.2205p	1.0023p	1.2228p	0.8014p
	Final	Group 1	1.5116p	–	1.5116p	1.2507p
		Group 2	0.5055p	1.0061p	1.5116p	– [^] p

[^] No Group 2 shares held.

Interim period: 01.11.18 - 30.04.19

Final period: 01.05.19 - 31.10.19

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 2019

Market and Performance Review

Despite a difficult end to 2018, the period under review has been an almost uniformly positive one for financial markets with nearly all major asset classes delivering positive performance. This is unusual in itself but perhaps even more extraordinary is the quantum of returns, particularly when considering the maturity of the economic cycle and the elevated starting valuations of many markets. World equities, for example, delivered a total return of 11.3% whilst global bond markets were not far behind, generating performance of 8.2%. Within the latter, both riskier corporate bonds and high quality government debt did well whilst gold also joined the party with outsized returns of 22.3%. With risk facing assets and perceived safe havens rallying at the same time, investors could be excused for feeling a little confused, particularly given the heightened uncertainty emanating from volatile and often binary geo-political factors such as the US-China trade war and seemingly never ending Brexit negotiations. Looking at the anatomy of the equity market rally is revealing, with gains almost exclusively driven by multiple expansion in the face of downgrades to corporate earnings forecasts. In other words, investors have been willing to pay a higher price for company earnings despite collective confidence in the veracity of those earnings deteriorating. Central bank monetary policy remained a dominant driver of markets with the US Federal Reserve's pivot to a more accommodative policy stance and the European Central Bank's decision to restart its quantitative easing programme sparking a shift lower in bond yields. The fact that the world now has \$15 trillion in negative yielding debt is truly remarkable and has forced investors to shoulder more risk in pursuit of inflation beating returns. This has helped sustain tight corporate bond spreads and lofty equity valuations, despite softening economic data and underwhelming corporate earnings.

Over the period The Distribution Fund delivered a total return of 4.2% compared to a gain of 8.1% for the IA Mixed Investment 40-85% Shares Sector. In absolute terms these positive returns build on the Sub-fund's strong long term performance track record but we fully recognise that shorter run relative performance has been disappointing. We have communicated for some time that Distribution would likely lag a sharp rise in markets owing to its more cautious positioning versus the peer group and we would also highlight the Sub-fund's significantly lower volatility. We will examine the key drivers of underperformance in more detail later in this report. Meanwhile, long term performance remains excellent with the Sub-fund generating total returns of 90.2% since launch in April 2012 which compares favourably with the sector average of 68.5%. Recognising the quality and consistency of returns, the third party research firm Defaqto has assigned their top rating to the Sub-fund. Although past performance is pleasing, we remain entirely focused on achieving good returns for future investors whether they have been with us since launch, or only invested in recent weeks.

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

Investment Manager's Report

continued

Income Distribution

For the 3-month period to 31 October 2019, Distribution generated income of 1.2353 pence per C Income share (pps), going ex-dividend on 1 November with the income paid to income shareholders at the end of December 2019. This distribution together with the last three quarterly dividends (3.8694 pps) amounts to an annualised yield of 4.28% based on the price at 1 November 2018. The Sub-fund aims to deliver a yield in excess of that offered by a composite of financial assets.

Portfolio Review and Investment Outlook

Against the backdrop of recent relative underperformance it is perhaps worth revisiting our *raison d'être* and investment process. Our guiding objective in managing the Distribution Fund is to deliver an attractive level of income and positive real returns through the cycle net of all costs for our investors. A truly unconstrained approach to asset allocation is, we believe, the best way of achieving this aim. As such, we refuse to operate within the confines of a benchmark driven framework and are comfortable that the Sub-fund at times may look very different from peers. Instead we look to construct a sensibly diversified portfolio of individual assets each of which offer a margin of safety, often via valuation support. The corollary of this key tenet of our investment process is that we refuse to own expensive assets and whilst there are pockets of value in mainstream equity and bond markets, valuations in aggregate look stretched. As a result, Distribution's exposure to traditional equities and bonds during the period under review is close to the lowest it has been in the Sub-fund's history. More specifically, as an income mandate, the Sub-fund has had limited exposure to US growth stocks and high quality long duration fixed income assets owing to the painfully low yields on offer. Unfortunately it has been these expensive areas that have led markets higher, exacerbating Distribution's underperformance versus the IA Sector, which it's worth reminding ourselves, is populated primarily with capital growth focused funds with significantly higher equity exposure. This may sound like sour grapes, but the important thing is that we are focused on delivering an attractive level of income and including Distribution in the IA Mixed Investment 40-85% Shares Sector gives us the best opportunity of achieving this aim, unfettered by the minimum cash and fixed income constraints of the IA Mixed Investment 20-60% Shares Sector. Distribution's prospective yield at the end of October 2019 stood at 4.6% whilst the Sub-fund's volatility is significantly lower than the Sector.

The Distribution Fund is actively managed and its asset allocation will evolve over time. As such the low exposure to mainstream assets is not a permanent state and is likely to increase should valuations become more attractive. In the meantime, the Sub-fund has a greater allocation to more idiosyncratic investments where we have confidence that positive returns can be delivered irrespective of the direction of broader markets. These include Hipgnosis Songs, an investment trust which offers exposure to music royalties and Tufton Oceanic Assets, a play on the improving supply-demand dynamics of the shipping industry, both of which deliver attractive uncorrelated yields. Exposure to diversifying assets increased with the introduction of CG Dollar, which invests in US index linked treasuries, and a modest addition to gold. Elsewhere in fixed income we exited our position in Close Select Fixed Income reflecting our view that developed market corporate bond yields were no longer sufficiently compensating investors for the credit risks involved. In keeping with our highly selective and valuation driven approach to equities, we increased exposure to the UK market which looked fundamentally cheap versus other regions and history, and also upped our positions in a number of high quality private equity investment trusts trading on significant discounts to net asset value.

We have always had a preference for smaller funds which we believe are better placed to outperform their respective benchmarks and also acknowledge that industry scrutiny of size and liquidity has increased markedly. Ashmore Emerging Market Short Duration was sold in the period following a significant increase in assets under management, with proceeds switched into the more nimble M&G Emerging Markets Bond Fund.

Performance in the period was hurt by a couple of stock specific issues with Civitas Social Housing REIT and Phoenix Spree Deutschland both de-rating aggressively as a result of increased regulatory risk in their respective markets (UK social housing and Berlin residential property). Interrogation of the original investment thesis and extended due diligence which included field trips and conversations with management, regulators and valuers underpinned our confidence in both investments and, in the case of Phoenix Spree Deutschland, we have used the negative sentiment and share price weakness to add to our position. Property exposure in general remains highly targeted towards areas with supportive supply and demand fundamentals, helping us avoid the well documented travails of the retail sector. Similarly, in fixed income, our selective investments in emerging market debt and direct asset backed lenders are delivering attractive real yields well in excess of those available in government and corporate bond markets.

Investment Manager's Report

continued

The Sub-fund's allocation to closed-ended investment trusts continues to play an important role, providing not only trading opportunities around discount-premium movements but also offering access to less liquid assets such as property, specialist debt and private equity. The Distribution Fund is as well diversified today as it has ever been, with its relatively low exposure to mainstream markets reflecting elevated valuations and concerns regarding the maturity of the equity bull market which suggest that the high levels of return enjoyed over the past decade are unlikely to be sustained in the future. That said, we are still able to find pockets of value from across our broad investment universe and are excited by the return prospects of many of our individual holdings.

More information about the Distribution Fund can be found on the Hawksmoor website 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 funds@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 and Ben Conway
Hawksmoor Investment Management Ltd
19 November 2019

Portfolio Statement

as at 31 October 2019

Holding	Security	Market value £	% of total net assets 2019
Alternatives 5.27% (4.48%)			
850,000	Hipgnosis Songs - C	867,000	0.48
1,780,000	Hipgnosis Songs	1,904,600	1.05
850,000	Polar Capital Global Convertible - I GBP Distribution*	6,766,000	3.74
		9,537,600	5.27
Commodity 2.52% (1.63%)			
320,000	Merian Gold & Silver Fund - U1 GBP Accumulation*	4,557,472	2.52
Emerging Market Equity 2.01% (2.18%)			
3,777,000	Jupiter Emerging & Frontier Income Trust	3,641,028	2.01
Far East Equity 4.65% (4.57%)			
300,000	Guinness Asian Equity Income - Z GBP Distribution*	4,738,560	2.62
20,000	Prusik Asian Equity Income - 1C GBP Distribution*	3,673,178	2.03
		8,411,738	4.65
Fixed Interest 24.08% (27.00%)			
2,508,710	Biopharma Credit	1,948,419	1.08
20,000	CG Portfolio - D Income*	3,263,400	1.80
2,604,249	GCP Asset Backed Income	2,786,546	1.54
2,500,000	GCP Infrastructure Investments	3,210,000	1.77
6,000,000	M&G Emerging Markets Bond Fund - IH - GBP Income*	5,970,600	3.30
70,000	Muzinich Asia Credit Opportunities - Hedged GBP Income Founder*	6,840,400	3.78
200,000	Ranger Direct Lending	412,000	0.23
1,853,000	Real Estate Credit Investment	3,085,245	1.70
2,556,032	RM Secured Direct Lending	2,504,911	1.38
8,000,000	Royal London Short Duration Global High Yield Bond - Z Income*	6,944,000	3.83
32,000	Sempur Total Return	3,346,560	1.85
3,058,371	TwentyFour Income Fund	3,287,749	1.82
		43,599,830	24.08
Global Equity 10.35% (9.20%)			
37,000	Barings Global Dividend Champions - F GBP Income*	3,699,630	2.04
2,750,000	BB Healthcare Trust	3,561,250	1.97
5,000,000	Fidelity Global Enhanced Income - W Income*	7,245,000	4.00
2,500,000	Overstone UCITS Equity Income - I Income*	4,235,000	2.34
		18,740,880	10.35
Japan Equity 4.88% (5.10%)			
2,500,000	Baillie Gifford Japanese Income Growth - B Income*	3,470,000	1.92
5,250,000	Jupiter Japan Income - I Income*	5,358,150	2.96
		8,828,150	4.88
Multi Asset 2.34% (3.07%)			
3,000,000	Polar Capital Income Opportunities - B1 I GBP Income*	4,237,200	2.34

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2019
Private Equity 4.78% (3.31%)			
399,181	ICG Enterprise Trust	3,720,367	2.06
205,000	Princess Private Equity	1,776,231	0.98
905,000	Standard Life Private Equity Trust	3,149,400	1.74
		8,645,998	4.78
Property 21.99% (21.08%)			
3,582,000	AEW UK Long Lease REIT	2,668,590	1.47
3,180,000	AEW UK REIT	2,944,680	1.63
6,568,909	Civitas Social Housing REIT	5,583,573	3.08
2,008,191	Impact Healthcare REIT	2,148,764	1.19
1,020,932	LXi REIT	1,276,165	0.71
2,000,000	Phoenix Spree Deutschland	6,360,000	3.51
3,501,830	PRS REIT	3,081,610	1.70
2,982,159	Regional REIT	3,143,196	1.74
3,435,000	Supermarket Income REIT	3,572,400	1.97
4,331,504	Tufton Oceanic Assets	3,380,849	1.87
2,185,000	Urban Logistics REIT**	2,862,350	1.58
2,575,000	Warehouse REIT**	2,793,875	1.54
		39,816,052	21.99
UK Equity 13.63% (13.43%)			
4,500,000	Aberforth Split Level Income Trust	3,420,000	1.89
3,250,000	CF Livingbridge UK Multi Cap Income - F GBP Income*	3,624,725	2.00
521,828	GAM UK Equity Income - Z GBP Income*	4,835,520	2.67
7,300,000	Man GLG UK Income - D Income*	9,022,800	4.98
8,000,000	Schroder Income Maximiser - Z Income*	3,783,200	2.09
		24,686,245	13.63
Investment assets		174,702,193	96.50
Net other assets		6,340,055	3.50
Net assets		181,042,248	100.00

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 31.10.18.

*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

	B Income GBP		
	31.10.19 p	31.10.18 p	31.10.17 p
Opening net asset value per share	134.33	138.32	129.86
Return before operating charges [^]	6.59	3.14	15.51
Operating charges	-2.17	-2.38	-2.29
Return after operating charges [^]	4.42	0.76	13.22
Distributions	-5.77	-4.75	-4.76
Closing net asset value per share	132.98	134.33	138.32
[^] After direct transaction costs of	-0.11	-0.12	-0.22
Performance			
Return after charges	3.29%	0.55%	10.18%
Other information			
Closing net asset value	£1,202,164	£1,370,429	£1,667,248
Closing number of shares	904,031	1,020,190	1,205,388
Operating charges	1.61%	1.71%	1.70%
Ongoing operating charges	1.61%	1.70%	1.68%
Direct transaction costs	0.08%	0.09%	0.16%
Prices			
Highest share price	138.24	142.84	140.09
Lowest share price	130.91	134.66	127.34

	B Accumulation GBP		
	31.10.19 p	31.10.18 p	31.10.17 p
Opening net asset value per share	180.50	179.53	162.60
Return before operating charges [^]	8.93	4.09	19.84
Operating charges	-2.96	-3.12	-2.91
Return after operating charges [^]	5.97	0.97	16.93
Distributions	-7.88	-6.27	-6.04
Retained distributions on accumulation shares	7.88	6.27	6.04
Closing net asset value per share	186.47	180.50	179.53
[^] After direct transaction costs of	-0.15	-0.16	-0.27
Performance			
Return after charges	3.31%	0.54%	10.41%
Other information			
Closing net asset value	£969,090	£846,825	£660,264
Closing number of shares	519,709	469,165	367,775
Operating charges	1.61%	1.71%	1.70%
Ongoing operating charges	1.61%	1.70%	1.68%
Direct transaction costs	0.08%	0.09%	0.16%
Prices			
Highest share price	189.05	186.28	180.61
Lowest share price	175.90	176.79	159.60

Comparative Tables

continued

Change in net assets per share

	B Accumulation EUR		
	31.10.19 €c	31.10.18 €c	31.10.17 €c
Opening net asset value per share	139.71	140.12	123.75
Return before operating charges [^]	11.06	1.66	18.32
Operating charges	-1.95	-2.07	-1.95
Return after operating charges [^]	9.11	-0.41	16.37
Distributions	-6.16	-4.85	-4.74
Retained distributions on accumulation shares	6.16	4.85	4.74
Closing net asset value per share	148.82	139.71	140.12
[^] After direct transaction costs of	-0.11	-0.13	-0.21
Performance			
Return after charges	6.52%	-0.29%	13.23%
Other information			
Closing net asset value	€8,529,329	€10,175,698	€10,819,470
Closing number of shares	5,731,308	7,283,611	7,721,605
Operating charges	1.36%	1.46%	1.45%
Ongoing operating charges	1.36%	1.45%	1.43%
Direct transaction costs	0.08%	0.09%	0.16%
Prices			
Highest share price	149.32	144.61	140.44
Lowest share price	133.45	137.01	123.02

The foreign exchange rate used to calculate net asset value and net distribution per share as at 31 October 2019 was € 1.1599 (2018: € 1.1277, 2017: € 1.1399).

	C Income GBP		
	31.10.19 p	31.10.18 p	31.10.17 p
Opening net asset value per share	118.77	121.99	114.20
Return before operating charges [^]	5.82	2.76	13.70
Operating charges	-1.62	-1.79	-1.72
Return after operating charges [^]	4.20	0.97	11.98
Distributions	-5.10	-4.19	-4.19
Closing net asset value per share	117.87	118.77	121.99
[^] After direct transaction costs of	-0.10	-0.11	-0.19
Performance			
Return after charges	3.54%	0.79%	10.49%
Other information			
Closing net asset value	£26,849,128	£28,618,723	£29,221,446
Closing number of shares	22,779,185	24,096,543	23,954,371
Operating charges	1.36%	1.46%	1.45%
Ongoing operating charges	1.36%	1.45%	1.43%
Direct transaction costs	0.08%	0.09%	0.16%
Prices			
Highest share price	122.45	126.04	123.54
Lowest share price	115.78	119.05	112.05

Comparative Tables

continued

Change in net assets per share

	C Accumulation GBP		
	31.10.19 p	31.10.18 p	31.10.17 p
Opening net asset value per share	140.81	139.72	126.28
Return before operating charges [^]	6.98	3.17	15.37
Operating charges	-1.95	-2.08	-1.93
Return after operating charges [^]	5.03	1.09	13.44
Distributions	-6.16	-4.87	-4.69
Retained distributions on accumulation shares	6.16	4.87	4.69
Closing net asset value per share	145.84	140.81	139.72
[^] After direct transaction costs of	-0.11	-0.13	-0.21
Performance			
Return after charges	3.57%	0.78%	10.64%
Other information			
Closing net asset value	£85,526,364	£53,046,844	£25,382,732
Closing number of shares	58,644,649	37,672,037	18,167,335
Operating charges	1.36%	1.46%	1.45%
Ongoing operating charges	1.36%	1.45%	1.43%
Direct transaction costs	0.08%	0.09%	0.16%
Prices			
Highest share price	147.76	145.30	140.55
Lowest share price	137.28	137.72	123.90

	D Income GBP		
	31.10.19 p	31.10.18 p	31.10.17 p
Opening net asset value per share	117.66	120.55	112.58
Return before operating charges [^]	5.78	2.74	13.51
Operating charges	-1.31	-1.47	-1.41
Return after operating charges [^]	4.47	1.27	12.10
Distributions	-5.07	-4.16	-4.13
Closing net asset value per share	117.06	117.66	120.55
[^] After direct transaction costs of	-0.09	-0.11	-0.19
Performance			
Return after charges	3.81%	1.06%	10.75%
Other information			
Closing net asset value	£58,299,980	£43,748,768	£36,999,027
Closing number of shares	49,803,056	37,183,090	30,691,753
Operating charges	1.11%	1.21%	1.20%
Ongoing operating charges	1.11%	1.20%	1.18%
Direct transaction costs	0.08%	0.09%	0.16%
Prices			
Highest share price	121.53	124.62	122.08
Lowest share price	114.75	117.90	110.48

Comparative Tables

continued

Change in net assets per share

	D Accumulation GBP		
	31.10.19 p	31.10.18 p	31.10.17 p
Opening net asset value per share	128.35	127.03	114.56
Return before operating charges [^]	6.39	2.89	13.92
Operating charges	-1.46	-1.57	-1.45
Return after operating charges [^]	4.93	1.32	12.47
Distributions	-5.64	-4.43	-4.26
Retained distributions on accumulation shares	5.64	4.43	4.26
Closing net asset value per share	133.28	128.35	127.03
[^] After direct transaction costs of	-0.10	-0.12	-0.19
Performance			
Return after charges	3.84%	1.04%	10.89%
Other information			
Closing net asset value	£842,018	£166,025	£151,500
Closing number of shares	631,767	129,353	119,261
Operating charges	1.11%	1.21%	1.20%
Ongoing operating charges	1.11%	1.20%	1.18%
Direct transaction costs	0.08%	0.09%	0.16%
Prices			
Highest share price	134.95	132.41	127.78
Lowest share price	125.20	125.34	112.44

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 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.



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 2019

	Note	£	31.10.19 £	£	31.10.18 £
Income					
Net capital gains/(losses)	2		18,064		(2,493,517)
Revenue	3	7,827,257		4,545,413	
Expenses	4	(1,431,776)		(1,079,428)	
Interest payable and similar charges	4	(519)		(140)	
Net revenue before taxation		6,394,962		3,465,845	
Taxation	5	(432,187)		(224,668)	
Net revenue after taxation			5,962,775		3,241,177
Total return before distributions			5,980,839		747,660
Distributions	6		(7,112,632)		(4,104,680)
Change in net assets attributable to Shareholders from investment activities			(1,131,793)		(3,357,020)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2019

	£	31.10.19 £	£	31.10.18 £
Opening net assets attributable to Shareholders		136,821,023		103,573,813
Amounts receivable on issue of shares	74,799,302		59,769,480	
Less: Amounts payable on cancellation of shares	(33,200,164)		(24,951,601)	
		41,599,138		34,817,879
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(1,131,793)		(3,357,020)
Retained distributions on accumulation shares		3,753,880		1,786,351
Closing net assets attributable to Shareholders		181,042,248		136,821,023

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

Balance Sheet

as at 31 October 2019

	Note	£	31.10.19 £	£	31.10.18 £
ASSETS					
Fixed Assets					
Investments			174,702,193		130,045,597
Current Assets					
Debtors	7	1,421,137		3,147,183	
Cash and bank balances	9	6,440,194		7,026,028	
Total current assets			7,861,331		10,173,211
Total assets			182,563,524		140,218,808
LIABILITIES					
Investment liabilities			–		–
Creditors					
Distribution payable		(904,731)		(571,357)	
Other creditors	8	(616,545)		(2,826,428)	
Total creditors			(1,521,276)		(3,397,785)
Total liabilities			(1,521,276)		(3,397,785)
Net assets attributable to Shareholders			181,042,248		136,821,023

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 2019

1. Accounting Policies

The Sub-fund's Financial statements have been prepared on the same basis as the Accounting Policies stated on pages 6 and 7.

2. Net Capital Gains/(Losses)	31.10.19	31.10.18
	£	£
Non-derivative securities	(7,009)	(2,471,812)
Currency gains/(losses)	31,303	(10,097)
Transaction charges	(6,230)	(11,608)
Net capital gains/(losses)	18,064	(2,493,517)

3. Revenue	31.10.19	31.10.18
	£	£
UK dividends: Ordinary	1,145,371	637,291
Overseas franked dividends	721,345	543,551
Property Income Distributions	1,385,496	681,946
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	1,874,706	829,585
Interest distributions	1,704,501	1,122,591
Overseas franked investment income	498,074	414,122
Bank interest	5	–
Interest distributions from other investment Funds	497,759	316,327
Total revenue	7,827,257	4,545,413

Notes to the Financial Statements

continued

4. Expenses	31.10.19	31.10.18
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	143,348	116,305
Registration fees	100,912	87,427
	<u>244,260</u>	<u>203,732</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	1,106,147	801,351
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	51,339	40,522
Safe custody and other bank charges	13,666	12,699
	<u>65,005</u>	<u>53,221</u>
Other expenses:		
Audit fee (including VAT)	8,652	–
Audit fee (including VAT) predecessor	–	7,200
Tax Compliance Services (including VAT)	1,800	–
Tax Compliance Services (including VAT) predecessor tax adviser	300	2,400
Legal fees	7,567	8,278
Manager fee rebates from underlying holdings	(5,523)	–
Printing costs	3,568	3,246
	<u>16,364</u>	<u>21,124</u>
Expenses	1,431,776	1,079,428
Interest payable and similar charges	519	140
Total	1,432,295	1,079,568

Notes to the Financial Statements

continued

5. Taxation	31.10.19	31.10.18
	£	£
(a) Analysis of charge in the year:		
Corporation tax at 20%	431,093	208,211
Adjustments in respect of prior periods	2,392	27,259
Income tax deducted at source	8,612	–
Reclaim of tax suffered on FOF dividends	(9,910)	(10,802)
Total tax charge (note 5b)	432,187	224,668
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	6,394,962	3,465,845
Corporation tax at 20%	1,278,992	693,169
Effects of:		
UK dividends	(604,015)	(293,375)
Expenses not deductible for tax purposes	–	28
Adjustments in respect of prior periods	2,392	–
Income tax deducted at source	8,612	27,183
Reclaim of tax suffered on FOF dividends	(9,910)	(10,802)
Non-taxable overseas earnings	(243,884)	(191,535)
Total tax charge (note 5a)	432,187	224,668

(c) Deferred tax

There is no deferred tax provision at the balance sheet date (2018: 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:

		31.10.19	31.10.18
		£	£
First interim distribution	31.01.19	1,537,009	969,304
Second interim distribution	30.04.19	1,275,908	760,899
Third interim distribution	31.07.19	2,663,642	1,503,573
Final distribution	31.10.19	1,887,712	1,056,374
		7,364,271	4,290,150
Revenue deducted on cancellation of shares		225,728	110,850
Revenue received on issue of shares		(477,367)	(296,320)
Distributions		7,112,632	4,104,680

Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		5,962,775	3,241,177
Expenses allocated to capital		1,437,298	1,079,428
Relief on expenses allocated to capital		(287,462)	(215,886)
Undistributed revenue brought forward		62	23
Undistributed revenue carried forward		(41)	(62)
Distributions		7,112,632	4,104,680

7. Debtors

		31.10.19	31.10.18
		£	£
Amounts receivable on issues		419,861	2,668,398
Sales awaiting settlement		168,284	–
Accrued income:			
Dividends receivable		756,790	421,244
Capital special dividend		66,000	–
UK income tax recoverable		10,202	54,939
Prepaid expenses:			
KIID fee		–	2,602
Total debtors		1,421,137	3,147,183

Notes to the Financial Statements

continued

8. Other Creditors	31.10.19	31.10.18
	£	£
Amounts payable on cancellations	227,947	332,851
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	13,104	10,806
Registration fee	8,818	7,573
	<u>21,922</u>	<u>18,379</u>
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	<u>103,503</u>	<u>77,197</u>
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	23,135	3,813
Safe custody and other bank charges	5,783	1,108
	<u>28,918</u>	<u>4,921</u>
Other expenses:		
Audit fee (including VAT)	8,652	–
Audit fee (including VAT) predecessor	7,200	7,200
Tax Compliance Services (including VAT)	1,800	–
Tax Compliance Services (including VAT) predecessor tax adviser	2,100	3,600
Legal fees	1,137	–
Printing costs	900	1,350
	<u>21,789</u>	<u>12,150</u>
Taxation payable:		
Corporation tax payable	<u>212,466</u>	<u>208,287</u>
Total other creditors	<u>616,545</u>	<u>2,826,428</u>
9. Cash and Bank Balances	31.10.19	31.10.18
	£	£
Cash and bank balances	6,440,194	7,026,028
Cash and bank balances	<u>6,440,194</u>	<u>7,026,028</u>

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 (2018: 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 the risk management policies on pages 8 and 9.

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 £17,470,219 (2018: £13,004,560).

Currency risk

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

	31.10.19	31.10.18
Currency	Total £	Total £
Canadian dollar	4,557,472	2,230,100
Euro	1,776,231	–
Japanese yen	8,828,150	6,974,300
Pound sterling	136,457,137	106,455,986
United States dollar	29,423,258	21,160,637
	181,042,248	136,821,023

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:

31.10.19

Currency	Floating rate financial assets £	Assets on which interest distributions are paid £	Assets on which interest distributions are not paid [^] £	Total £
Canadian dollar	–	–	4,557,472	4,557,472
Euro	–	–	1,776,231	1,776,231
Japanese yen	–	–	8,828,150	8,828,150
Pound sterling	6,440,194	9,270,911	122,267,308	137,978,413
United States dollar	–	22,342,779	7,080,479	29,423,258
	6,440,194	31,613,690	144,509,640	182,563,524

Currency	Floating rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Pound sterling	–	1,521,276	1,521,276
	–	1,521,276	1,521,276

31.10.18

Currency	Floating rate financial assets £	Assets on which interest distributions are paid £	Assets on which interest distributions are not paid [^] £	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
	7,026,028	32,171,902	101,020,878	140,218,808

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

Notes to the Financial Statements

continued

13. Portfolio Transaction Costs

31.10.19

Analysis of purchases	Gross purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	43,703,153	30,351	0.07	87,701	0.20	43,585,101
Funds	49,920,815	–	0.00	–	0.00	49,920,815
Corporate Actions	(815,048)	–	0.00	–	0.00	(815,048)
Total purchases after commissions and tax	92,808,920					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	17,813,282	22,237	0.12	55	0.00	17,835,574
Funds	30,349,385	–	0.00	–	0.00	30,349,385
Total sales after commissions and tax	48,162,667					

Commission as a % of average net assets 0.03%
Taxes as a % of average net assets 0.05%

31.10.18

Analysis of purchases	Gross 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
Total purchases after commissions and tax	61,962,349					

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%

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 2019 is 0.58% (2018: 0.60%).

15. Fair Value Disclosure

Valuation technique	31.10.19		31.10.18	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 [^]	79,090,798	–	56,207,445	–
Level 2 ^{^^}	95,611,395	–	73,838,152	–
Level 3 ^{^^^}	–	–	–	–
	174,702,193	–	130,045,597	–

[^] Level 1: Unadjusted quoted price in an active market for an identical instrument.

^{^^} Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

^{^^^} Level 3: Valuation techniques using unobservable inputs.

16. Shareholders Funds

	B Income GBP	B Accumulation GBP	B Accumulation EUR	
Opening number of Shares	1,020,190	469,165	7,283,611	
Shares issued	34,419	191,383	56,716	
Shares cancelled	(95,321)	(140,839)	(1,609,019)	
Shares converted	(55,257)	–	–	
Closing number of Shares	904,031	519,709	5,731,308	
	C Income GBP	C Accumulation GBP	D Income GBP	D Accumulation GBP
Opening number of Shares	24,096,543	37,672,037	37,183,090	129,353
Shares issued	9,278,073	34,132,168	12,592,500	119,940
Shares cancelled	(4,003,768)	(12,720,132)	(6,688,987)	(99,596)
Shares converted	(6,591,663)	(439,424)	6,716,453	482,070
Closing number of Shares	22,779,185	58,644,649	49,803,056	631,767

Distribution Tables

for the year ended 31 October 2019

Income Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
B GBP	First interim	Group 1	1.3753p	–	1.3753p	1.2393p
		Group 2	0.4155p	0.9598p	1.3753p	1.2393p
	Second interim	Group 1	1.0039p	–	1.0039p	0.8621p
		Group 2	0.5256p	0.4783p	1.0039p	0.8621p
	Third interim	Group 1	2.0025p	–	2.0025p	1.6106p
		Group 2	0.8531p	1.1494p	2.0025p	1.6106p
	Final	Group 1	1.3943p	–	1.3943p	1.0414p
		Group 2	0.3053p	1.0890p	1.3943p	1.0414p
C GBP	First interim	Group 1	1.2081p	–	1.2081p	1.0936p
		Group 2	0.3965p	0.8116p	1.2081p	1.0936p
	Second interim	Group 1	0.8882p	–	0.8882p	0.7609p
		Group 2	0.3208p	0.5674p	0.8882p	0.7609p
	Third interim	Group 1	1.7731p	–	1.7731p	1.4207p
		Group 2	0.9908p	0.7823p	1.7731p	1.4207p
	Final	Group 1	1.2353p	–	1.2353p	0.9205p
		Group 2	0.5280p	0.7073p	1.2353p	0.9205p
D GBP	First interim	Group 1	1.2087p	–	1.2087p	1.0808p
		Group 2	0.6577p	0.5510p	1.2087p	1.0808p
	Second interim	Group 1	0.8807p	–	0.8807p	0.7637p
		Group 2	0.2407p	0.6400p	0.8807p	0.7637p
	Third interim	Group 1	1.7593p	–	1.7593p	1.4060p
		Group 2	0.9960p	0.7633p	1.7593p	1.4060p
	Final	Group 1	1.2263p	–	1.2263p	0.9115p
		Group 2	0.5088p	0.7175p	1.2263p	0.9115p

Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2019	Amount reinvested 2018
B GBP	First interim	Group 1	1.8483p	–	1.8483p	1.6083p
		Group 2	0.2161p	1.6322p	1.8483p	1.6083p
	Second interim	Group 1	1.3629p	–	1.3629p	1.1593p
		Group 2	0.2104p	1.1525p	1.3629p	1.1593p
	Third interim	Group 1	2.7387p	–	2.7387p	2.1202p
		Group 2	0.7213p	2.0174p	2.7387p	2.1202p
	Final	Group 1	1.9379p	–	1.9379p	1.3881p
		Group 2	0.8336p	1.1043p	1.9379p	1.3881p
B EUR	First interim	Group 1	1.4512€ c	–	1.4512€ c	1.2575€ c
		Group 2	–	1.4512€ c	1.4512€ c	1.2575€ c
	Second interim	Group 1	1.0920€ c	–	1.0920€ c	0.8886€ c
		Group 2	0.0269€ c	1.0651€ c	1.0920€ c	0.8886€ c
	Third interim	Group 1	2.0700€ c	–	2.0700€ c	1.6294€ c
		Group 2	0.3328€ c	1.7372€ c	2.0700€ c	1.6294€ c
	Final	Group 1	1.5452€ c	–	1.5452€ c	1.0744€ c
		Group 2	1.5452€ c	–	1.5452€ c	1.0744€ c

Distribution Tables

continued

Accumulation Share Distributions (continued)

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2019	Amount reinvested 2018
C GBP	First interim	Group 1	1.4422p	–	1.4422p	1.2522p
		Group 2	0.4211p	1.0211p	1.4422p	1.2522p
	Second interim	Group 1	1.0641p	–	1.0641p	0.8884p
		Group 2	0.3286p	0.7355p	1.0641p	0.8884p
	Third interim	Group 1	2.1395p	–	2.1395p	1.6512p
		Group 2	1.1228p	1.0167p	2.1395p	1.6512p
	Final	Group 1	1.5139p	–	1.5139p	1.0826p
		Group 2	0.6184p	0.8955p	1.5139p	1.0826p
D GBP	First interim	Group 1	1.3384p	–	1.3384p	1.1390p
		Group 2	–	1.3384p	1.3384p	–
	Second interim	Group 1	0.9708p	–	0.9708p	0.8052p
		Group 2	0.4113p	0.5595p	0.9708p	–
	Third interim	Group 1	1.9535p	–	1.9535p	1.5046p
		Group 2	0.6350p	1.3185p	1.9535p	1.5046p
	Final [^]	Group 1	1.3828p	–	1.3828p	1.9866p
		Group 2	0.8728p	0.5100p	1.3828p	–

[^]No group 2 shares held.

First interim period: 01.11.18 - 31.01.19
Second interim period: 01.02.19 - 30.04.19
Third interim period: 01.05.19 - 31.07.19
Final period: 01.08.19 - 31.10.19

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 year ended 31 October 2019

Market and Performance Review

Despite a difficult end to 2018, the period under review has been an almost uniformly positive one for financial markets with nearly all major asset classes delivering positive performance. This is unusual in itself but perhaps even more extraordinary is the quantum of returns, particularly when considering the maturity of the economic cycle and the elevated starting valuations of many assets. World equities, for example, delivered a total return of 11.3% whilst global bond markets were not far behind, generating performance of 8.2%. Within the latter, both riskier corporate bonds and high quality government debt did well whilst gold also joined the party with outsized returns of 22.3%. With risk facing assets and perceived safe havens rallying at the same time, investors could be excused for feeling a little confused, particularly given the heightened uncertainty emanating from volatile and often binary geo-political factors such as the US-China trade war and seemingly never ending Brexit negotiations. Looking at the anatomy of the equity market rally is revealing, with gains almost exclusively driven by multiple expansion in the face of downgrades to corporate earnings forecasts. In other words, investors have been willing to pay a higher price for company earnings despite collective confidence in the veracity of those earnings deteriorating. Central bank monetary policy remained a dominant driver of markets with the US Federal Reserve's pivot to a more accommodative policy stance and the European Central Bank's decision to restart its quantitative easing programme sparking a shift lower in bond yields. The fact that the world now has \$15 trillion in negative yielding debt is truly remarkable and has forced investors to shoulder more risk in pursuit of inflation beating returns. This has helped sustain tight corporate bond spreads and lofty equity valuations, despite softening economic data and underwhelming corporate earnings.

Our Global Opportunities Fund launched on 18 September 2018 so has a relatively short performance track record, but over the period delivered a total return of 7.8% compared to a gain of 7.7% for the IA Flexible Investment Sector.

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

Income Distribution

In the year to 31 October 2019, Global Opportunities generated a modest level of income of 1.0947 pence per C Accumulation 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.

Investment Manager's Report

continued

Portfolio Review and Investment Outlook

The Sub-fund is intended for risk-tolerant investors prepared to accept higher volatility in pursuit of potentially superior long term returns. As such, the portfolio has higher exposure to equities than our other Funds but shares the same investment philosophy leading to high conviction positions in areas of the market offering value. Significant allocations to emerging markets, private equity and thematic funds provide exposure to areas enjoying structural growth. Equity market risk remains elevated however and the Sub-fund's unconstrained approach allows us to invest in non-equity special situations. These include Civitas Social Housing REIT and AEW UK Long Lease REIT which were both purchased at compelling discounts to net asset value and where idiosyncratic risk is a greater driver of returns than general market direction. Similarly, the portfolio includes other assets like gold and absolute return funds which should help insulate the portfolio to a degree in times of equity market stress.

More information about The Global Opportunities Fund can be found on the Hawksmoor website 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 funds@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 and Ben Conway
Hawksmoor Investment Management Ltd
19 November 2019

Portfolio Statement

as at 31 October 2019

Holding	Security	Market value £	% of total net assets 2019
	Absolute Return 2.10% (2.83%)		
11,250	Odey Swan Fund - I GBP Income*	558,075	2.10
	Alternatives 1.82% (4.86%)		
100,000	Hipgnosis Songs - 'C' shares	102,000	0.38
355,825	Hipgnosis Songs	380,733	1.44
		482,733	1.82
	Biotechnology 1.52% (1.17%)		
22,500	Polar Capital Biotechnology - I Income*	403,425	1.52
	Commodity 5.19% (4.78%)		
1,096,776	Geiger Counter	174,387	0.66
1,300,000	Golden Prospect Precious Metals	369,200	1.39
58,500	Merian Gold & Silver - U1 GBP Accumulation*	833,163	3.14
		1,376,750	5.19
	Emerging Market Equity 7.36% (14.47%)		
2,750	Aubrey Global Emerging Markets Opportunities - GBP Accumulation*	477,318	1.80
400,000	Blackrock Frontiers Investment Trust	504,000	1.90
600,000	Mobius Investment Trust	510,000	1.92
625,000	ScotGems	462,500	1.74
		1,953,818	7.36
	Far East Equity 7.38% (6.69%)		
475,000	Ashoka India Equity Investment Trust	513,000	1.93
235,000	Fidelity Asia Pacific Opportunitiess - W Accumulation*	503,605	1.90
680,000	India Capital Growth	496,400	1.87
2,500	Prusik Asia - U GBP Accumulation*	444,725	1.68
		1,957,730	7.38
	Fixed Interest 3.15% (4.47%)		
800,000	M&G Emerging Markets Bond GBP - I H Income*	796,080	3.00
20,000	RDL Realisation	41,200	0.15
		837,280	3.15
	Global Equity 17.74% (11.76%)		
950,000	Artemis Global Select - I Accumulation*	1,207,640	4.55
400,000	Augmentum Fintech	440,000	1.66
600,000	BB Healthcare Trust	777,000	2.93
270,000	Fidelity Investment Global Dividend - W Income*	531,630	2.00
570,000	LF Blue Whale Growth - I GBP Income*	777,309	2.93
100,000	Miton Global Opportunities	263,000	0.99
925,000	Schroder Global Recovery - Z Accumulation*	711,233	2.68
		4,707,812	17.74

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2019
Japanese Equity 5.44% (4.81%)			
750,000	Jupiter Japan Income - I Income*	765,450	2.88
375,000	Polar Capital Japan Value - S GBP*	678,263	2.56
		1,443,713	5.44
Multi Asset 1.59% (3.84%)			
160,000	Henderson Alternative Strategies Trust	420,800	1.59
Private Equity 14.72% (7.86%)			
175,000	HgCapital Trust	420,875	1.59
88,000	ICG Enterprise Trust	820,160	3.09
650,000	Merian Chrysalis Investment Company	754,000	2.84
600,000	Oakley Capital Investments	1,320,000	4.97
30,000	Princess Private Equity	259,936	0.98
95,000	Standard Life Private Equity Trust	330,600	1.25
		3,905,571	14.72
Property 12.05% (13.92%)			
350,000	AEW UK Long Lease REIT	260,750	0.98
350,000	AEW UK REIT	324,100	1.22
500,000	Civitas Social Housing REIT	425,000	1.60
330,000	Phoenix Spree Deutschland	1,049,400	3.95
620,880	Tufton Oceanic Assets	484,613	1.83
500,000	Urban Logistics REIT**	655,000	2.47
		3,198,863	12.05
United Kingdom Equity 16.31% (14.82%)			
30,000	Aberforth Smaller Companies	390,000	1.47
145,000	Artemis Alpha Trust	423,400	1.60
425,000	Downing Strategic Micro-Cap Investment Trust	269,875	1.02
900,000	Man GLG Undervalued Assets - D Income*	1,232,100	4.64
100,000	Polar Capital UK Value Opportunities GBP - Income*	1,142,000	4.30
200,000	River & Mercantile UK Micro Cap Investment	330,000	1.24
250,000	Strategic Equity Capital	542,500	2.04
		4,329,875	16.31
US Equities 0.00% (2.44%)			
Investment assets		25,576,445	96.37
Net other assets		962,921	3.63
Net assets		26,539,366	100.00

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 31.10.18.

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

**Quoted on AIM.

Comparative Tables

Change in net assets per share

	C Accumulation	
	31.10.19 p	31.10.18^^ p
Opening net asset value per share	95.86	100.00
Return before operating charges^	7.91	-2.64
Operating charges	-1.39	-1.50
Return after operating charges^	6.52	-4.14
Distributions	-1.09	-0.05
Retained distributions on accumulation shares	1.09	0.05
Closing net asset value per share	102.38	95.86
^After direct transaction costs of	-0.31	-0.17
Performance		
Return after charges	6.80%	-4.14%
Other information		
Closing net asset value	£7,466,049	£312,104
Closing number of shares	7,292,587	325,587
Operating charges	1.39%	1.53%
Direct transaction costs	0.31%	0.17%
Prices		
Highest share price	104.98	101.00
Lowest share price	92.90	95.12

	D Accumulation	
	31.10.19 p	31.10.18^^ p
Opening net asset value per share	95.89	100.00
Return before operating charges^	7.90	-2.85
Operating charges	-1.14	-1.26
Return after operating charges^	6.76	-4.11
Distributions	-1.33	-0.07
Retained distributions on accumulation shares	1.33	0.07
Closing net asset value per share	102.65	95.89
^After direct transaction costs of	-0.31	-0.17
Performance		
Return after charges	7.05%	-4.11%
Other information		
Closing net asset value	£19,073,317	£4,647,834
Closing number of shares	18,580,668	4,847,274
Operating charges	1.14%	1.28%
Direct transaction costs	0.31%	0.17%
Prices		
Highest share price	105.19	101.01
Lowest share price	92.96	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 year.

Comparative Tables

continued

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 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 2019

	Note	£	31.10.19 £	£	18.09.18 to 31.10.18 £
Income					
Net capital gains/(losses)	2		1,138,972		(214,656)
Revenue	3	410,639		7,170	
Expenses	4	(161,768)		(3,021)	
Interest payable and similar charges	4	(89)		(32)	
Net revenue before taxation		248,782		4,117	
Taxation	5	(4,357)		(287)	
Net revenue after taxation			244,425		3,830
Total return before distributions			1,383,397		(210,826)
Distributions	6		(244,417)		(3,826)
Change in net assets attributable to Shareholders from investment activities			1,138,980		(214,652)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2019

	£	31.10.19 £	£	18.09.18 to 31.10.18 £
Opening net assets attributable to Shareholders		4,959,938		–
Amounts receivable on issue of shares	24,229,185		5,237,651	
Less: Amounts payable on cancellation of shares	(4,116,305)		(67,062)	
		20,112,880		5,170,589
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		1,138,980		(214,652)
Retained distributions on accumulation shares		327,568		4,001
Closing net assets attributable to Shareholders		26,539,366		4,959,938

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

Balance Sheet

as at 31 October 2019

	Note	£	31.10.19 £	£	31.10.18 £
ASSETS					
Fixed Assets					
Investments			25,576,445		4,896,410
Current Assets					
Debtors	7	229,910		16,095	
Cash and bank balances	9	877,479		80,798	
Total current assets			1,107,389		96,893
Total assets			26,683,834		4,993,303
LIABILITIES					
Investment liabilities			–		–
Creditors					
Other creditors	8	(144,468)		(33,365)	
Total creditors			(144,468)		(33,365)
Total liabilities			(144,468)		(33,365)
Net assets attributable to Shareholders			26,539,366		4,959,938

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

Notes to the Financial Statements

for the year ended 31 October 2019

1. Accounting Policies

The Sub-fund's Financial statements have been prepared on the same basis as the Accounting Policies stated on pages 6 and 7.

2. Net Capital Gains/(Losses)	01.11.18 to 31.10.19	18.09.18 to 31.10.18
	£	£
Non-derivative securities	1,144,001	(212,612)
Currency gains/(losses)	185	(537)
Transaction charges	(5,214)	(1,507)
Net capital gains/(losses)	1,138,972	(214,656)

3. Revenue	01.11.18 to 31.10.19	18.09.18 to 31.10.18
	£	£
UK dividends: Ordinary	48,585	–
Overseas franked dividends	92,358	2,680
Property Income Distributions	81,932	–
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	65,451	–
Interest distributions	84,006	3,530
Offshore distributions	20,600	–
Bank interest	(76)	–
Interest distributions from other investment funds	17,783	960
Total revenue	410,639	7,170

4. Expenses	01.11.18 to 31.10.19	18.09.18 to 31.10.18
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	35,295	4,219
Registration fees	23,852	1,451
	<u>59,147</u>	<u>5,670</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	116,137	3,066

Notes to the Financial Statements

continued

4. Expenses (continued)	01.11.18 to 31.10.19 £	18.09.18 to 31.10.18 £
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	12,000	1,414
Safe custody and other bank charges	10,697	1,414
	<u>22,697</u>	<u>2,828</u>
Other expenses:		
Audit fee (including VAT)	8,652	–
Audit fee (including VAT) predecessor	–	7,200
Tax Compliance Services (including VAT)	1,800	–
Tax Compliance Services (including VAT) predecessor tax adviser	300	1,800
Legal fees	2,653	132
Printing costs	1,017	800
	<u>14,422</u>	<u>9,932</u>
Total Ongoing charge (OCG) rebates from the investment manager accrued against expenses	<u>(50,635)</u>	<u>(18,475)</u>
Expenses	161,768	3,021
Interest payable and similar charges	89	32
Total	161,857	3,053

5. Taxation	01.11.18 to 31.10.19 £	18.09.18 to 31.10.18 £
(a) Analysis of charge in the year:		
Corporation tax at 20%	4,357	287
Total tax charge (note 5b)	4,357	287
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	248,782	4,117
Corporation tax at 20%	49,756	823
Effects of:		
UK dividends	(22,807)	–
Non-taxable overseas earnings	(22,592)	(536)
Total tax charge (note 5a)	4,357	287

(c) Deferred tax

There is no deferred tax provision at the balance sheet date (2018: 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:

		01.11.18 to 31.10.19 £	18.09.18 to 31.10.18 £
Final distribution	31.10.19	327,568	4,001
Revenue deducted on cancellation of shares		36,404	52
Revenue received on issue of shares		(119,555)	(227)
Distributions		244,417	3,826

Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		244,425	3,830
Undistributed revenue brought forward		4	–
Undistributed revenue carried forward		(12)	(4)
Distributions		244,417	3,826

7. Debtors

		31.10.19 £	31.10.18 £
Amounts receivable on issues		127,033	–
Sales awaiting settlement		42,070	–
Accrued income:			
Dividends receivable		50,375	2,608
Capital special dividend		6,600	–
UK income tax recoverable		3,832	–
Prepaid expenses:			
Total Ongoing Charge (OCG) rebates against expenses		–	13,487
Total debtors		229,910	16,095

Notes to the Financial Statements

continued

8. Other Creditors	31.10.19	31.10.18
	£	£
Amounts payable on cancellations	89,072	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	3,106	2,973
Registration fee	2,740	865
	<u>5,846</u>	<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>13,015</u>	<u>2,181</u>
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	5,030	1,019
Safe custody and other bank charges	4,204	1,020
	<u>9,234</u>	<u>2,039</u>
Other expenses:		
Audit fee (including VAT)	8,652	–
Audit fee (including VAT) predecessor	7,200	7,200
Tax Compliance Services (including VAT)	1,800	–
Tax Compliance Services (including VAT) predecessor tax adviser	2,100	1,800
Legal fees	324	132
Printing costs	650	800
Total Ongoing Charge (OCG) rebates against expenses	2,218	–
	<u>22,944</u>	<u>9,932</u>
Taxation payable:		
Corporation tax payable	<u>4,357</u>	<u>287</u>
Total other creditors	<u>144,468</u>	<u>33,365</u>
9. Cash and Bank Balances	31.10.19	31.10.18
	£	£
Cash and bank balances	<u>877,479</u>	<u>80,798</u>
Cash and bank balances	<u>877,479</u>	<u>80,798</u>

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.

11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2018: nil).

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 the risk management policies on pages 8 and 9.

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 £2,557,645 (2018: £489,641).

Currency risk

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

	31.10.19	31.10.18
Currency	Total £	Total £
Canadian dollar	1,376,750	167,258
Euro	259,936	–
Indian rupee	1,009,400	
Japanese yen	1,443,713	238,458
Pound sterling	18,106,380	3,797,845
United States dollar	4,343,187	756,377
	26,539,366	756,377

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:

31.10.19

Currency	Floating rate financial assets £	Assets on which interest distributions are paid £	Assets on which interest distributions are not paid [^] £	Total £
Canadian dollar	–	–	1,376,750	1,376,750
Euro	–	–	259,936	259,936
Indian rupee	–	–	1,009,400	1,009,400
Japanese yen	–	–	1,443,713	1,443,713
Pound sterling	877,479	1,216,955	16,156,414	18,250,848
United States dollar	–	–	4,343,187	4,343,187
	877,479	1,216,955	24,589,400	26,683,834

Currency	Financial liabilities not carrying interest £	Total £
Pound sterling	144,468	144,468
	144,468	144,468

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

31.10.18

Currency	Floating rate financial assets £	Assets on which interest distributions are paid £	Assets on which interest distributions are not paid [^] £	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
	80,798	580,415	4,332,090	4,993,303

Currency	Financial liabilities not carrying interest £	Total £
Pound sterling	33,365	33,365
	33,365	33,365

[^] 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

31.10.19

Analysis of purchases	Gross purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	15,212,083	15,544	0.10	44,118	0.29	15,152,421
Funds	13,500,983	–	0.00	–	0.00	13,500,983
Corporate Actions	(66,841)	–	0.00	–	0.00	(66,841)
Total purchases after commissions and tax	28,646,225					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	3,260,317	3,443	0.11	21	0.00	3,263,781
Funds	5,849,874	–	0.00	–	0.00	5,849,874
Total sales after commissions and tax	9,110,191					
Commission as a % of average net assets	0.09%					
Taxes as a % of average net assets	0.22%					

31.10.18

Analysis of purchases	Gross 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
Total purchases after commissions and tax	5,109,022					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	–	–	0.00	–	0.00	–
Funds	–	–	0.00	–	0.00	–
Total sales after commissions and tax	–					
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 pages 60 and 61. 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 2019 is 0.86% (2018: 0.77%).

15. Fair Value Disclosure

Valuation technique	31.10.19		31.10.18	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 [^]	14,514,429	–	2,296,339	–
Level 2 ^{^^}	11,062,016	–	2,600,071	–
Level 3 ^{^^^}	–	–	–	–
	25,576,445	–	4,896,410	–

[^] Level 1: Unadjusted quoted price in an active market for an identical instrument.

^{^^} Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

^{^^^} Level 3: Valuation techniques using unobservable inputs.

16. Shareholders Funds

	C Accumulation	D Accumulation
Opening number of Shares	325,587	4,847,274
Shares issued	7,772,004	17,037,101
Shares cancelled	(805,004)	(3,303,707)
Closing number of Shares	7,292,587	18,580,668

Distribution Table

for the year ended 31 October 2019

Accumulation Share Distribution

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2019	Amount reinvested 2018
C	Final	Group 1	1.0947	–	1.0947	0.0527
		Group 2	0.7374	0.3573	1.0947	0.0527
D	Final	Group 1	1.3333	–	1.3333	0.0790
		Group 2	0.6954	0.6379	1.3333	0.0790

Final period: 01.11.18 - 31.10.19

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

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY

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:

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY

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. 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.

ACD Value Assessment

The ACD is required to provide an annual statement for the Company, attesting that in the opinion of the ACD the services provided to the Company and any fees chargeable to the scheme property represent value for money, taking into account the following criteria as set out by the Regulator under COLL 6.6.20R:

- Quality of Service
- Performance
- Economies of Scale
- Comparable Services and Market Rates
- Classes of Shares

This statement references services provided directly by the ACD and those services delegated by the ACD to third parties such as, but not limited to, investment management, depositary services, custody and settlement, audit provision, legal services, printing services, KIID production and maintenance, and other costs as may be set out or allowable in the scheme documentation.

General Information

continued

Other Information (continued)

Investment Management Fees

The investment management function is delegated to an FCA authorised, professional investment management firm. The Investment Manager provides an active investment management service consistent with the Investment Policy and Objectives set out within the scheme documentation.

The fees of the Investment Manager represent the largest cost to the Company, are clearly set out within the scheme documentation, and are consistent with the market rates for other professional investment managers for hire providing comparable services.

The investment management fees may vary by share class reflecting the size of the minimum investment into that share class, with the objective of providing economies of scale for larger investors.

Services Provided by the ACD

The ACD fees are regularly reviewed against prevalent market rates for a professional ACD for hire taking into account the complexity and risk profile of the Company. The ACD's fees are clearly set out in the scheme documentation and are tiered based on the overall value of the Company to reflect economies of scale.

Services Delegated by the ACD

Services delegated by the ACD are provided by professional entities for hire appointed on an arm's length basis. Delegates are appointed under competitive tender and their services are regularly reviewed and benchmarked by the ACD to ensure that they are consistent with services provided by other similar professional entities for hire. When appointing or reviewing delegates the ACD takes into account the quality of the services provided, the performance of the appointed entity over a period of time and, that the costs of the service provided take into account any economies of scale that may be available to Companies of a similar size or complexity.

Summary

It is the opinion of the ACD that the fees charged to the scheme property of the Company represent value for money for investors taking into account the criteria set out by the Regulator.

Remuneration of the Authorised Corporate Director

The ACD is subject to a remuneration policy which meets the requirements of the Undertakings for Collective Investment in Transferable Securities Directive (UCITS) as set out in SYSC 19E of the FCA Handbook.

The policy is designed to ensure practices for employee remuneration are consistent with, and promote, sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or instrument of incorporation of the funds managed, and does not impair the ACD's compliance with its duty to act in the best interests of the funds it manages.

The ACD has reviewed the Remuneration Policy and its application in the last year which has resulted in no material changes to the policy or irregularities to process.

This disclosure does not include portfolio management activities as these are undertaken by various third party investment managers appointed by the ACD. The investment manager is required to make separate public disclosure as part of their obligations under the Capital Requirements Directive.

The ACD is required to disclose the total remuneration it pays to its staff during the financial year of the company, split into fixed and variable remuneration, with separate aggregate disclosure for staff whose actions may have a material impact to the risk profile of a Sub-fund or the ACD itself. This includes executives, senior risk and compliance staff and certain senior managers.

General Information

continued

Remuneration of the Authorised Corporate Director (continued)

	Number of Beneficiaries	Fixed	Variable	Total
Total remuneration paid by the ACD during the year	86	£5,150,913	£42,920	£5,193,833
Remuneration paid to employees of the ACD who have material impact on the risk profile of the Fund	5	£937,820	£2,500	£940,320

Further information is available in the ACD's Remuneration Policy Statement which can be obtained from www.maitlandgroup.com or, on request free of charge, by writing to the registered office of the ACD free of charge.

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 Institutional Services Limited

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