

City Financial Investment Fund Series IV
INTERIM REPORT
AND
FINANCIAL STATEMENTS

31 OCTOBER 2018

CityFinancial

CITY FINANCIAL INVESTMENT FUND SERIES IV

Head Office: 62 Queen Street
London EC4R 1EB

AUTHORISED CORPORATE DIRECTOR ('ACD')

CITY FINANCIAL INVESTMENT COMPANY LIMITED

(Authorised and regulated by the Financial Conduct Authority)

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INVESTMENT MANAGER

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(Authorised and regulated by the Financial Conduct Authority)

62 Queen Street
London EC4R 1EB

DEPOSITARY

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INDEPENDENT AUDITOR

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ACD'S REPORT

for the half year ended 31 October 2018

Authorised Status

City Financial Investment Fund Series IV ('the Company') is an investment company with variable capital incorporated in England and Wales under registered number IC000534 and authorised by the Financial Conduct Authority with effect from 31 May 2007. The Company has an unlimited duration.

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

Shareholders are not liable for the debts of the Company.

Securities Financing Transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY FINANCIAL INVESTMENT COMPANY LIMITED

ACD of City Financial Investment Fund Series IV

24 December 2018

DIRECTOR'S STATEMENT

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

R.C. HAIN

CITY FINANCIAL INVESTMENT COMPANY LIMITED

ACD of City Financial Investment Fund Series IV

24 December 2018

CITY FINANCIAL ABSOLUTE EQUITY FUND ACD'S REPORT

for the half year ended 31 October 2018

Investment Objective and Policy

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

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

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

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

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

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

CITY FINANCIAL ABSOLUTE EQUITY FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the half year ended 31 October 2018

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

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

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

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

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

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

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

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

CITY FINANCIAL ABSOLUTE EQUITY FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

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

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

CITY FINANCIAL INVESTMENT COMPANY LIMITED

Authorised Corporate Director

24 December 2018

CITY FINANCIAL ABSOLUTE EQUITY FUND

ACD'S REPORT *continued*

FUND INFORMATION

Synthetic Risk and Reward Indicator



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

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

The lowest category does not mean risk free.

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

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

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

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

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

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

'A' INCOME SHARES

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

PERFORMANCE

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

OTHER INFORMATION

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

PRICES

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

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

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

PERFORMANCE

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

OTHER INFORMATION

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

PRICES

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

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

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

PERFORMANCE

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

OTHER INFORMATION

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

PRICES

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

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

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

PERFORMANCE

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

OTHER INFORMATION

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

PRICES

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

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

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

PERFORMANCE

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

OTHER INFORMATION

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

PRICES

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

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

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

PERFORMANCE

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

OTHER INFORMATION

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

PRICES

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

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

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

| CHANGE IN NET ASSETS PER SHARE | 31.10.18 pence per share | 30.04.18 pence per share | 30.04.17 pence per share | 30.04.16¹ pence per share |
|---------------------------------------|------------------------------------|------------------------------------|------------------------------------|--|
| Opening net asset value per share | 104.43 | 101.77 | 92.39 | 100.00 |
| Return before operating charges* | (23.24) | 3.08 | 9.54 | (7.61) |
| Operating charges | (0.09) | (0.20) | (0.16) | – |
| Performance fees | – | – | – | – |
| Return after operating charges | (23.33) | 2.88 | 9.38 | (7.61) |
| Distributions | – | (0.22) | – | – |
| Closing net asset value per share | 81.10 | 104.43 | 101.77 | 92.39 |
| * after direct transaction costs of: | 0.04 | 0.10 | 0.09 | 0.02 |

PERFORMANCE

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

OTHER INFORMATION

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

PRICES

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

¹ From 18 January 2016.

² Annualised figure due to share class only being launched on 18 January 2016.

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

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

| CHANGE IN NET ASSETS PER SHARE | 31.10.18 pence per share | 30.04.18 pence per share | 30.04.17 pence per share | 30.04.16¹ pence per share |
|--|------------------------------------|------------------------------------|------------------------------------|--|
| Opening net asset value per share | 104.79 | 101.85 | 92.42 | 100.00 |
| Return before operating charges* | (23.32) | 3.14 | 9.59 | (7.58) |
| Operating charges | (0.09) | (0.20) | (0.16) | – |
| Performance fees | – | – | – | – |
| Return after operating charges | (23.41) | 2.94 | 9.43 | (7.58) |
| Distributions | – | (0.26) | – | (0.04) |
| Retained distributions on accumulation shares | – | 0.26 | – | 0.04 |
| Closing net asset value per share | 81.38 | 104.79 | 101.85 | 92.42 |
| * after direct transaction costs of: | 0.04 | 0.11 | 0.09 | 0.02 |

PERFORMANCE

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

OTHER INFORMATION

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

PRICES

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

¹ From 18 January 2016.

² Annualised figure due to share class only being launched on 18 January 2016.

CITY FINANCIAL ABSOLUTE EQUITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 31 October 2018 (%)

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

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

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

Please contact investorservices@linkgroup.co.uk for the performance of other share classes in the Fund.

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

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

RISK WARNING

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

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

as at 31 October 2018

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

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

as at 31 October 2018

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

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

as at 31 October 2018

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

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

as at 31 October 2018

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

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

as at 31 October 2018

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

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

as at 31 October 2018

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

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

as at 31 October 2018

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

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

as at 31 October 2018

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

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

as at 31 October 2018

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

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

as at 31 October 2018

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

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

as at 31 October 2018

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

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

as at 31 October 2018

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

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

as at 31 October 2018

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

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

¹ Unlisted security.

² Delisted.

³ Suspended security.

⁴ Includes investment liabilities.

Definition:

ADRs – American Depositary Receipts.

CITY FINANCIAL ABSOLUTE EQUITY FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the half year ended 31 October 2018

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

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

CITY FINANCIAL ABSOLUTE EQUITY FUND
INTERIM FINANCIAL STATEMENTS (UNAUDITED)
STATEMENT OF TOTAL RETURN

for the half year ended 31 October 2018

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

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the half year ended 31 October 2018

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

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

CITY FINANCIAL ABSOLUTE EQUITY FUND
INTERIM FINANCIAL STATEMENTS (UNAUDITED) *continued*

BALANCE SHEET

as at 31 October 2018

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

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

1. Accounting Policies

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

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

GENERAL INFORMATION

Structure of the Company

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

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

City Financial Absolute Equity Fund

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

Classes of Shares

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

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

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

Valuation Point

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

Buying and Selling Shares

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

Prices

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

GENERAL INFORMATION *continued*

Other Information

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

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

Data Protection Act

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

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

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administration@cityfinancial.co.uk
cityfinancial.co.uk

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