

# CAPITA



## **Manek Growth Fund**

Interim Unaudited Report and Financial Statements  
30 June 2017

MANAGER  
Manek Investment Management Limited  
PO Box 401  
Darlington DL1 9UW  
(Authorised and regulated by the Financial Conduct Authority)

DIRECTORS OF THE MANAGER  
C. Latymer  
H. Manek  
J. Manek  
S. Yassukovich

INVESTMENT MANAGER  
Manek Investment Management Limited  
PO Box 401  
Darlington DL1 9UW  
(Authorised and regulated by the Financial Conduct Authority)

TRUSTEE  
National Westminster Bank Plc  
Trustee & Depository Services  
1st Floor, 280 Bishopgate  
London EC2M 4RB  
(Authorised by the Prudential Regulation Authority and Regulated by the  
Financial Conduct Authority and the Prudential Regulation Authority)

REGISTRAR  
Capita Financial Administrators Limited  
Customer Service Centre:  
Arlington Business Centre  
Millshaw Park Lane  
Leeds LS11 0PA  
Telephone: 0345 922 0044 Fax: 0113 224 6001  
(Authorised and regulated by the Financial Conduct Authority)

INDEPENDENT AUDITOR  
KPMG LLP  
15 Canada Square  
Canary Wharf  
London E14 5GL

## CONTENTS

Manager's Report .....	2
Authorised Status .....	2
Important Information .....	2
Investment Objective and Policy .....	2
Securities Financing Transactions .....	2
Investment Manager's Report .....	3
Fund Information .....	5
Portfolio Statement .....	8
Summary of Material Portfolio Changes .....	11
Manager's Statement .....	12
INTERIM FINANCIAL STATEMENTS (UNAUDITED)	
Statement of Total Return .....	13
Statement of Change in Unitholders' Funds .....	13
Balance Sheet .....	14
Notes to the Interim Financial Statements .....	15
General Information .....	16

## MANAGER'S REPORT FOR THE HALF YEAR ENDED 30 JUNE 2017

### AUTHORISED STATUS

The Manek Growth Fund ('the Fund') was established on 5 November 1997 as an authorised Unit Trust under Section 78 of the Financial Services Act 1986 and belongs to the category of 'Securities Funds' recognised by the Financial Conduct Authority under section 243 under the Financial Services and Markets Act 2000. The reporting currency of the Fund is Sterling.

The Fund is constituted by a Trust Deed made between the Manager and the Trustee, a copy of which may be inspected by prior arrangement at the Registrar's office. Copies of the Prospectus and the most recent Annual and Interim Reports can be obtained from the Manager or the Trustee upon written request.

The Fund also qualifies for investment as an ISA as determined by the HM Revenue and Customs' Regulations.

### IMPORTANT INFORMATION

With effect from 22 May 2017, the Registrar and Administrator of the Fund changed from The Bank of New York Mellon (International) Limited to Capita Financial Administrators Limited.

### INVESTMENT OBJECTIVE AND POLICY

The Fund aims to provide investors with long-term capital growth by investment in UK equities whilst retaining the flexibility to invest worldwide in any economic sector. It may from time to time use derivatives for the purposes of efficient portfolio management.

### SECURITIES FINANCING TRANSACTIONS

The Fund has the ability to utilise Securities Financing Transactions (being transactions such as lending or borrowing of securities, repurchase or reverse repurchase transactions, buy-sell back or sell-buy back transactions, or margin lending transactions). No such transactions have been undertaken in the period covered by this report.

### MANEK INVESTMENT MANAGEMENT LIMITED

*Manager of Manek Growth Fund*  
31 August 2017

### INVESTMENT MANAGER'S REPORT

The stock market in the UK and US rose steadily through the first half of the year despite political negatives. The UK Prime Minister Theresa May's decision to call an early general election backfired and plunged the country into confusion and added to the uncertainties surrounding the Brexit negotiations. In the US President Trump's reform policies appeared to have stalled and reforms may not happen as rapidly as the market had assumed as the Trump administration continues to be drowned in controversies. However, Emmanuel Macron's win in the French general election helped to ease political uncertainty in Europe. Inflation in the UK rose to 2.9% and the economy slowed. The fiscal deficit is expected to rise as the Chancellor is under pressure to abandon austerity.

There was no change in our overall strategy. We continued to focus on companies benefiting from significant positive change in areas where we believe that innovation and new products or concepts thrive, and could deliver above average returns over time. Whilst this approach may increase the volatility of the Fund, this is partly balanced by the use of index futures to mitigate the impact of a pullback in the market. However, it could also result in periods of underperformance.

### PERFORMANCE

For the six months to 30 June 2017, the value of the Fund decreased by 1.7%\* compared with a rise of 5.5%\* for the FTSE All-Share Index, a disappointing performance.

### PORTFOLIO

At 30 June 2017, the portfolio consisted of 22 companies. Software & Computer Services made up 19.4% of the portfolio followed by Support Services 11.3% and Pharmaceuticals & Biotechnology 9.9%. The cash position at the period end was 13.4%.

The Fund maintains more than fifty percent invested in UK companies. It also targets mid to large capitalised stocks in the US and some relatively higher growth economies to benefit from a wider selection of 'high growth' opportunities. The Fund's sector classification is the Specialist sector.

### OUTLOOK

The UK and the US stock markets are in the ninth year of a bull market, one of the longest on record, driven predominantly by an unprecedented injection of liquidity through Quantitative Easing by the central banks of the US, UK, Europe and Japan since the global financial crisis in 2008. However, the economic recovery during this period has been shallower than normal and the valuations for indices are near top of their historical ranges. House prices are spiking and consumer credit is at record levels. Unwinding of the stimulus could prove to be very challenging and there is no precedent.

Going forward, markets will have to navigate the uncertainty created over Brexit negotiations following the election in the UK. Prime Minister Theresa May may be replaced by the end of the year. Sterling could come under renewed pressure. This environment is likely to contribute to weaker consumer confidence, a deferral in capital investment and a slowdown in foreign investment. This is against a backdrop of deteriorating global geopolitical situation and rising interest rates in the US. China also appears to be slowing following the strong credit led stimulus last year.

OUTLOOK (continued)

The Fund continues to hold a selection of stocks in the UK and overseas, with company-specific drivers to succeed in different economic climates whilst retaining a defensive bias using index futures. In such a situation, we believe that, our balanced approach should provide some protection on the downside with good opportunity for a better relative performance.

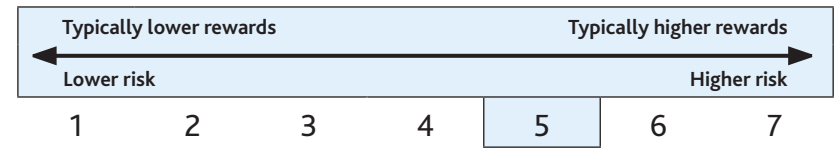
We thank you for your investment in the Fund and your continued support.

\* Offer to offer, net income reinvested. Source: Manek Investment Management Limited and FTSE 1 January 2017 to 30 June 2017.

MANEK INVESTMENT MANAGEMENT LIMITED  
Investment Manager  
20 August 2017

FUND INFORMATION

RISK AND REWARD PROFILE



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 5 because its volatility has been measured as above average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

Movement in exchange rates may cause the value of your investment to go up and down.

Derivatives Risk: The use of index futures to reduce risk may impact negatively on fund performance.

A limited number of investments may be held which can increase the volatility of performance.

Emerging Markets: The Fund may invest in emerging markets whose shares may be affected by significant price fluctuations, illiquidity, political and economic instability, market turmoil, settlement risk and relatively weak regulatory standards.

Smaller Companies: The Fund may invest in smaller companies whose shares may be less liquid and whose share prices may have significant price fluctuations.

Counterparty Risk: The Fund could lose money if an entity with which it does business becomes unwilling or unable to honour its commitments to the Fund.

For full details of the Fund's risks, please see the Key Investor Information Document (KIID) which can be found on the Manager's website, [www.manek.co.uk](http://www.manek.co.uk).

#### COMPARATIVE TABLE

Information for 30 June 2017 relates to the 6 month period ending 30 June 2017, with the exception of the operating charges in the 'Other Information' section. The operating charges relate to the expenses incurred on an *ex post* basis over the 6 month period ending 30 June 2017, expressed as an annualised percentage of the average net asset value.

	30.06.17 (p/unit)	31.12.16 (p/unit)	31.12.15 (p/unit)	31.12.14 (p/unit)
<b>Accumulation units</b>				
<b>Change in net assets per unit</b>				
Opening net asset value per unit	54.38	52.86	56.62	63.94
Return before operating charges*	(0.11)	3.85	(1.62)	(5.23)
Operating charges	(1.40)	(2.33)	(2.14)	(2.09)
Return after operating charges	(1.51)	1.52	(3.76)	(7.32)
Distributions	-	-	-	-
Retained distributions on accumulation units	-	-	-	-
Closing net asset value per unit	52.87	54.38	52.86	56.62
* after direct transaction costs of:	(0.07)	(0.13)	(0.09)	(0.44)
<b>Performance</b>				
Return after charges	(2.78)%	2.88%	(6.64)%	(11.45)%
<b>Other Information</b>				
Closing net asset value (£'000)	9,889	11,086	12,301	14,845
Closing number of units	18,705,318	20,384,223	23,271,211	26,217,775
Operating charges	5.19%	4.42%	3.84%	3.40%
Direct transaction costs	0.13%	0.24%	0.16%	0.72%
<b>Prices</b>				
Highest offer price	58.48	61.44	65.02	76.31
Lowest bid price	52.81	50.98	51.01	55.42

#### FUND PERFORMANCE TO 30 JUNE 2017 (%)

	6 months	1 year	3 years	5 years
Manek Growth Fund	(1.7)	(5.3)	(17.0)	(11.9)

Source: Manek Investment Management Limited.

The performance of the Fund is based on the offer price per unit with income reinvested.

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 a unit trust should be regarded as a medium to long term investment. Investors should be aware that the price of units 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 necessarily 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.

Manager's Report (continued)  
 PORTFOLIO STATEMENT  
 AS AT 30 JUNE 2017

Holding	Portfolio of Investments	Value £'000	30.06.17 %
390,000	AEROSPACE & DEFENCE – 7.29% (31.12.16 – 5.97%) Chemring	721	7.29
2,700	CONSTRUCTION & MATERIALS – 1.65% (31.12.16 – 2.47%) US Concrete†	163	1.65
300,000	FINANCIAL SERVICES – 4.69% (31.12.16 – 3.20%) Man	464	4.69
5,900	GENERAL RETAILERS – 2.00% (31.12.16 – 1.68%) GrubHub†	198	2.00
15,000	HEALTH CARE EQUIPMENT & SERVICES – 2.01% (31.12.16 – 9.03%) Smith & Nephew	199	2.01
8,000	HOUSEHOLD GOODS & HOME CONSTRUCTION – 6.29% (31.12.16 – 4.95%) Reckitt Benckiser	622	6.29
7,100	INDUSTRIAL TRANSPORTATION – 3.01% (31.12.16 – 0.00%) CSX†	298	3.01
	LEISURE GOODS – 0.00% (31.12.16 – 2.88%)	–	–
1,583,000	MEDIA – 6.96% (31.12.16 – 8.34%) DQ Entertainment†	18	0.18
25,000	Pearson	173	1.75
50,000	Sky	497	5.03
	TOTAL MEDIA	688	6.96
120,816	OIL & GAS PRODUCERS – 1.84% (31.12.16 – 2.26%) Tullow Oil	182	1.84

Holding	Portfolio of Investments	Value £'000	30.06.17 %
23,000	PHARMACEUTICALS & BIOTECHNOLOGY – 9.85% (31.12.16 – 14.57%) Hikma Pharmaceuticals	338	3.42
15,000	Shire	636	6.43
	TOTAL PHARMACEUTICALS & BIOTECHNOLOGY	974	9.85
7,600	SOFTWARE & COMPUTER SERVICES – 19.40% (31.12.16 – 12.35%) Autodesk†	590	5.97
2,170,000	RhythmOne	890	9.00
22,500	Web.com†	438	4.43
	TOTAL SOFTWARE & COMPUTER SERVICES	1,918	19.40
45,000	SUPPORT SERVICES – 11.30% (31.12.16 – 10.70%) Aggreko	414	4.19
70,000	Capita	484	4.90
80,000	Rentokil Initial	219	2.21
	TOTAL SUPPORT SERVICES	1,117	11.30
40,000	TRAVEL & LEISURE – 3.84% (31.12.16 – 7.05%) Playtech	380	3.84
14,325	TECHNOLOGY HARDWARE & EQUIPMENT – 6.43% (31.12.16 – 0.00%) Micron Technology†	329	3.33
4,500	Western Digital†	307	3.10
	TOTAL TECHNOLOGY HARDWARE & EQUIPMENT	636	6.43
(100)	FUTURES – 0.35% (31.12.16 – 1.34%) Standard & Poor's E-Mini September 2017	35	0.35
	Portfolio of investments	8,595	86.91
	Net other assets	1,294	13.09
	Net assets	9,889	100.00

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

† Investment is an overseas equity.

Geographical spread of investments	% of Total Net Assets	
	30.06.17	31.12.16
UK	62.9	60.4
US	23.5	24.9
India	0.2	0.1
Net current assets	13.4	14.6
	<u>100.0</u>	<u>100.0</u>

SUMMARY OF MATERIAL PORTFOLIO CHANGES  
 FOR THE HALF YEAR ENDED 30 JUNE 2017

**Total purchases for the half year £'000** **4,612**

Purchases	Cost £'000
Autodesk	596
Blackberry	412
Web.com	410
Western Digital	307
Applied Materials	306
Idexx Laboratories	302
Nvidia	301
Micron Technology	301
Incyte	299
CSX	298
Netease	296
Seagate Technology	294
Capita	236
GrubHub	201
Tullow Oil	53

**Total sales for the half year £'000** **6,309**

Major sales	Proceeds £'000
Intuitive Surgic	627
Blackberry	559
Nvidia	460
Jack in the Box	396
Electronic Arts	382
Applied Materials	338
GW Pharmaceuticals	334
Smith & Nephew	325
Idexx Laboratories	318
Rentokil Initial	306
Rhythmone	275
Netease	273
Seagate Technology	262
Incyte	251
Ulta Salon Cosmet	204
Paycom Software	197
Facebook	167
AMN Healthcare	147
Ligand Pharmaceuticals	125
Acuity Brands	113

The summary of material portfolio changes represents all of the purchases and the 20 largest sales during the half year.

## MANAGER'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.

J. MANEK

H. MANEK

MANEK INVESTMENT MANAGEMENT LIMITED

*Manager of Manek Growth Fund*

31 August 2017

## INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### STATEMENT OF TOTAL RETURN

FOR THE HALF YEAR ENDED 30 JUNE 2017

	£'000	30.06.17 £'000	£'000	30.06.16 £'000
Income:				
Net capital (losses)/gains		(104)		892
Revenue	80		72	
Expenses	(272)		(265)	
Net expense before taxation	(192)		(193)	
Taxation	(1)		–	
Net expense after taxation		(193)		(193)
<b>Total return before distributions</b>		(297)		699
Distributions		–		–
<b>Change in unitholders' funds from investment activities</b>		(297)		699

### STATEMENT OF CHANGE IN UNITHOLDERS' FUNDS

FOR THE HALF YEAR ENDED 30 JUNE 2017

	30.06.17 £'000	30.06.16 £'000
<b>Opening net assets</b>	11,086	12,301
Amounts payable on redemption of units	(900)	(879)
Change in unitholders' funds from investment activities	(297)	699
<b>Closing net assets</b>	9,889	12,121

The above statement shows the comparative closing net assets at 30 June 2016 whereas the current accounting period commenced 1 January 2017.



Interim Financial Statements (unaudited) (continued)  
BALANCE SHEET  
AS AT 30 JUNE 2017

	<b>30.06.17</b>	<b>31.12.16</b>
	<b>£'000</b>	<b>£'000</b>
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments	8,595	9,621
<b>Current assets</b>		
Debtors	274	1
Cash and bank balances	1,899	1,684
<b>Total assets</b>	<u>10,768</u>	<u>11,306</u>
<b>LIABILITIES</b>		
<b>Creditors</b>		
Other creditors	(879)	(220)
<b>Total liabilities</b>	<u>(879)</u>	<u>(220)</u>
<b>Net assets</b>	<u>9,889</u>	<u>11,086</u>
<b>Unitholders' funds</b>	<u>9,889</u>	<u>11,086</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS  
AS AT 30 JUNE 2017

1. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016 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.

## GENERAL INFORMATION

Daily prices are quoted in the *Financial Times* and *The Daily Telegraph*. The Manek website, at [www.manek.co.uk](http://www.manek.co.uk), provides full details of the Manek Growth Fund, including the latest price and performance figures. You can also find our Key Investor Information Document (KIID) and our Simplified Prospectus on the site and application forms for you to complete.

