



PRACTICAL INVESTMENT FUND

INTERIM
REPORT
15 MARCH 2018

CONSISTENT UNIT TRUST
MANAGEMENT COMPANY LIMITED

PRACTICAL INVESTMENT FUND

Contents

| | <i>Page</i> |
|---|-------------|
| Managers and Advisers | 1 |
| Manager's Report | 2 |
| Investment Objective and Policy | 4 |
| Portfolio Statement | 5 |
| Comparative Tables | 7 |
| Statement of Total Return (unaudited) | 9 |
| Statement of Change in Net Assets Attributable to Unitholders (unaudited) | 9 |
| Balance Sheet (unaudited) | 10 |
| Notes to the Financial Statements (unaudited) | 11 |
| Certification of Interim report by Director of the Manager | 11 |
| Distribution Tables | 12 |
| General Information | 13 |

PRACTICAL INVESTMENT FUND

Managers and Advisers

Managers

Consistent Unit Trust Management Company Limited

Registered Office and Main Office:

Fair Lorna House, Buckingham Road, Singleborough, Milton Keynes MK17 0RB

Telephone: 01296 711598

Website: www.consistentunittrust.co.uk

(Authorised and regulated by the Financial Conduct Authority)

Directors of the Manager

P. J. C. Ashfield

S. P. Ashfield (Chairman)

C. J. Lloyd

Ms. J. M. Sculley

Secretary

Ms. J. M. Sculley

Trustee

National Westminster Bank Plc

Registered and Head office:

135 Bishopsgate, London EC2M 3UR

(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority)

Administrators & Registrars

Yealand Administration Limited

Stuart House, St. John's Street, Peterborough PE1 5DD

Tel: 0345 850 8818

Fax: 01733 286870

email: consistent@yealand.com

Website: www.yealand.com

Auditor

Shipleys LLP

Chartered Accountants & Statutory Auditors

10 Orange Street, Haymarket, London WC2H 7DQ

PRACTICAL INVESTMENT FUND

Manager's Report

for the six months ended 15 March 2018

History and Aims of the Fund

From its inception in 1941, the Practical Investment Fund has been designed to provide investors with above average capital growth and income through a wide spread of Investment Companies' ordinary shares and other selected financial securities. The results of the last 76 years demonstrate that these objectives have been achieved, despite many difficult years.

Investment Strategy

The Fund has investments in 45 securities. As at 15 March 2018, of the Fund's net assets of £123 million, 97% was invested in UK and international securities including United States, Canada, Europe and the Pacific Basin. Of the remaining 3%, around 2% was in Collective Investment Schemes (unit trusts) and the final 1% was in bonds, cash and current assets.

We consider many factors when selecting Investment Companies. Confidence in the expertise of the management and its ability to achieve better than average performance over the years is essential. In addition, we look to take advantage of investment opportunities, for example, where an Investment Company is trading at a higher than average discount. Discounts are currently around 3% which means £100 worth of assets can be bought for around £97, whereas a direct purchase of shares in equities listed on the London Stock Exchange would cost the full £100. An additional advantage for unitholders is that neither the Fund itself (nor the approved Investment Companies in the portfolio) pay capital gains tax on profits arising from sales of underlying investments, whereas a private investor when selling still has to pay tax on capital gains in excess of the exemption limit.

We believe our investment process and constant monitoring of the investment portfolio will enable the Fund to produce positive returns for its unitholders over the coming years. The compound annual increase in capital value and gross income has been 7.31% for the capital, and 6.62% for the income since 1941.

Income

The distribution for the six months ended 15 March 2018 is 2.70p (2017: 2.35p) per income unit.

PRACTICAL INVESTMENT FUND

Manager's Report

continued

Performance Record

Sector Performance to 15 March 2018 (%)

| | 1 year | 3 years | 5 years |
|----------------------------|--------|---------|---------|
| Practical Investment Fund* | +5.5 | +24.0 | +48.3 |
| FTSE All-Share Index TR | +2.2 | +20.8 | +37.8 |

*Accumulation units which includes reinvested income.

Significant Portfolio Changes

for the period from 16 September 2017 to 15 March 2018

| | Cost £ |
|--------------------------------------|-----------------------|
| Top 5 purchases | |
| Rio Tinto | 2,209,092 |
| Supermarket Income REIT | 1,616,098 |
| Legal & General Group | 1,316,545 |
| Scottish Investment Trust | 1,300,073 |
| European Assets Trust | 1,119,825 |
| | £7,561,633 |
| | Proceeds £ |
| Top 5 sales | |
| Mercantile Investment Trust | 2,644,322 |
| Foreign & Colonial Investment Trust | 1,871,238 |
| Murray Income Trust | 1,713,936 |
| Witan | 1,666,490 |
| Consistent Unit Trust - Income Units | 1,367,186 |
| | £9,263,172 |

Investment Outlook

Our prudent investment policy should continue to achieve steady progress over the future years.

Consistent Unit Trust Management Company Limited

April 2018

PRACTICAL INVESTMENT FUND

Investment Objective and Policy

This Fund is designed to provide investors with above average capital growth and increasing income from investment in a wide spread of UK and dollar denominated investment trusts, ordinary shares and other selected investments.

The Fund will invest mainly in a broad base of investment trusts which satisfy the Manager's criteria of sound long-term performance, a satisfactory discount to net asset value and income growth potential. However, equities are subject to short-term fluctuations and there is a risk that their value can decrease as well as increase. Currencies are also subject to the same risk. The Manager will attempt to minimise these risks by pursuing a policy of diversification and may also use other hedging mechanisms.

All or part of the Manager's periodic fee can be charged to capital instead of income and may accordingly constrain capital growth but will reduce the pressure to invest at an above average rate of income.

Normally the Fund will be fully invested save for an amount of cash to enable ready settlement of liabilities (including redemption of units) and the efficient management of the Fund both generally and in relation to its strategic objective. This amount of cash will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Fund, there may be times when the Manager considers stock markets around the world to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

The Fund may also utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The Manager must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with an acceptably low level of risk. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

PRACTICAL INVESTMENT FUND

Portfolio Statement

as at 15 March 2018

| Holding | Security | Value £ | % of Total Net Assets |
|--|---|-----------|--------------------------|
| Canadian Trusts - 1.33% (1.29%) | | | |
| 58 | Canadian & Foreign Securities | 1,632,622 | 1.33 |
| Collective Investment Schemes - 1.94% (2.38%) | | | |
| 2,950,000 | Consistent Unit Trust - Income Units^ | 1,500,927 | 1.22 |
| 1,536,204 | Henderson Preference & Bond - Income Shares | 881,474 | 0.72 |
| | | <hr/> | <hr/> |
| | | 2,382,401 | 1.94 |
| Equities - 2.74% (0.00%) | | | |
| Basic Materials - 1.67% (0.00%) | | | |
| Mining - 1.67% (0.00%) | | | |
| 55,000 | Rio Tinto | 2,055,350 | 1.67 |
| Financials - 1.07% (0.00%) | | | |
| Life Insurance - 1.07% (0.00%) | | | |
| 500,000 | Legal & General Group | 1,310,500 | 1.07 |
| | | <hr/> | <hr/> |
| | | 3,365,850 | 2.74 |
| Investment Trusts - 91.35% (94.92%) | | | |
| 1,750,000 | Aberforth Split Level Income Trust | 5,290,000 | 4.31 |
| 600,000 | Chelverton Small Companies Dividend Trust | 1,446,000 | 1.18 |
| 1,285,000 | City Merchants High Yield Trust | 2,351,550 | 1.91 |
| 950,000 | City of London Investment Trust | 3,866,500 | 3.15 |
| 2,300,000 | Dunedin Income Growth Investment Trust | 5,658,000 | 4.61 |
| 600,000 | Edinburgh Investment Trust | 3,828,000 | 3.12 |
| 335,000 | European Assets Trust | 4,321,500 | 3.52 |
| 525,000 | F&C Private Equity Trust | 1,774,500 | 1.44 |
| 1,700,000 | Henderson Far East Income | 6,392,000 | 5.20 |
| 1,600,000 | Henderson High Income Trust | 2,808,000 | 2.29 |
| 500,000 | International Biotechnology | 2,960,000 | 2.41 |
| 1,225,000 | Invesco Income Growth Trust | 3,344,250 | 2.72 |
| 3,500,000 | Invesco Perpetual Enhanced | 2,681,000 | 2.18 |
| 250,000 | Invesco Perpetual Uk Smaller Companies | 1,237,500 | 1.01 |
| 3,750,000 | Investors Capital Trust | 3,675,000 | 2.99 |
| 2,800,000 | John Laing Infrastructure Fund | 3,220,000 | 2.62 |
| 425,000 | JP Morgan Asian | 1,521,500 | 1.24 |
| 150,000 | JP Morgan Claverhouse | 1,074,000 | 0.87 |
| 3,670,000 | JPMorgan Elect Managed Income Trust | 3,926,900 | 3.20 |
| 3,150,000 | JPMorgan Emerging Markets Income Trust | 4,189,500 | 3.41 |
| 700,000 | JPMorgan Global Growth & Income | 2,261,000 | 1.84 |
| 425,000 | Law Debenture Corporation | 2,456,500 | 2.00 |
| 450,000 | Lazard World Trust Fund | 1,674,000 | 1.36 |

PRACTICAL INVESTMENT FUND

Portfolio Statement

as at 15 March 2018

continued

| Holding | Security | Value £ | % of Total Net Assets |
|---|--|--------------------|--------------------------|
| <i>Investment Trusts - 91.35% (94.92%)</i> | | | |
| <i>- continued</i> | | | |
| 120,000 | Murray Income Trust | 895,200 | 0.72 |
| 160,000 | Murray International | 1,955,200 | 1.59 |
| 160,000 | North American Income Trust | 2,024,000 | 1.65 |
| 1,100,000 | Perpetual Income & Growth Investment Trust | 3,817,000 | 3.11 |
| 1,000,000 | Schroder Income Growth Fund | 2,760,000 | 2.25 |
| 1,025,000 | Scottish American Investment Company | 3,710,500 | 3.02 |
| 125,000 | Scottish Investment Trust | 1,007,500 | 0.81 |
| 550,000 | Scottish Mortgage | 2,594,900 | 2.11 |
| 1,850,000 | Securities Trust of Scotland | 3,071,000 | 2.50 |
| 775,000 | Standard Life Equity Income Trust | 3,588,250 | 2.92 |
| 600,000 | Standard Life Private Equity | 2,016,000 | 1.64 |
| 350,000 | Temple Bar Investment Trust | 4,284,000 | 3.49 |
| 1,250,000 | The Merchants Trust | 5,900,000 | 4.80 |
| 375,000 | TR Property Investment Trust | 1,387,500 | 1.13 |
| 120,000 | Witan | 1,260,000 | 1.03 |
| | | 112,228,250 | 91.35 |
| <i>Property Investment Instruments -</i> | | | |
| <i>1.10% (0.00%)</i> | | | |
| 1,350,000 | Supermarket Income REIT | 1,350,000 | 1.10 |
| <i>UK Bonds - 0.73% (0.72%)</i> | | | |
| 800,000 | Fidelity International 6.75% 19/10/2020 | 898,856 | 0.73 |
| | Investment assets | 121,857,979 | 99.19 |
| | Net other assets | 995,282 | 0.81 |
| | Net assets | 122,853,261 | 100.00 |

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

^Represents investment into a related party of the Manager.

The percentages in brackets show the equivalent % holdings as at 15 September 2017.

PRACTICAL INVESTMENT FUND

Comparative Tables

Change in net assets per unit

| | Income Units | | | Accumulation Units | | |
|---|-------------------------------------|---|---|-------------------------------------|---|---|
| | Six months 15 March 2018 p | Year ended 15 September 2017 p | Year ended 15 September 2016 p | Six months 15 March 2018 p | Year ended 15 September 2017 p | Year ended 15 September 2016 p |
| Opening net asset value per unit | 233.24 | 208.15 | 201.01 | 1,220.82 | 1,054.17 | 981.44 |
| Return before operating charges† | 2.28 | 35.48 | 17.04 | 6.07 | 169.14 | 84.64 |
| Operating charges | (1.30) | (2.54) | (2.42) | (1.30) | (2.49) | (11.91) |
| Return after operating charges† | 0.98 | 32.94 | 14.62 | 4.77 | 166.65 | 72.73 |
| Distributions on income units | (2.70) | (7.85) | (7.48) | n/a | n/a | n/a |
| Closing net asset value per unit | 231.52 | 233.24 | 208.15 | 1,225.59 | 1,220.82 | 1,054.17 |
| Retained distributions on accumulation units †after direct transaction charges of | n/a | n/a | n/a | 14.13 | 40.02 | 36.83 |
| | 0.20 | 0.44 | (0.06) | 0.20 | 0.43 | (0.31) |
| Performance | | | | | | |
| Return after operating charges | 0.4% | 15.8% | 7.3% | 0.4% | 15.8% | 7.4% |
| Other information | | | | | | |
| Closing net asset value (NAV) | £99,727,371 | £101,164,723 | £41,019,091 | £23,125,890 | £25,239,955 | £22,174,266 |
| Closing number of units | 43,075,463 | 43,373,944 | 19,706,613 | 1,886,918 | 2,067,461 | 2,103,471 |
| Operating charges total | 1.12% | 1.11% | 1.16% | 1.12% | 1.11% | 1.16% |
| Direct transaction charges | 0.08% | 0.19% | 0.03% | 0.08% | 0.19% | 0.03% |
| Prices (p) | | | | | | |
| Highest | 247.10 | 243.50 | 232.07 | 1,293.00 | 1,245.00 | 1,147.05 |
| Lowest | 228.70 | 204.60 | 184.21 | 1,197.00 | 1,035.00 | 899.56 |

Operating charges include indirect costs incurred in the maintenance and running of the 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 period.

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

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

PRACTICAL INVESTMENT FUND

Comparative Tables

continued

Risk & Reward profile

The Risk and Reward Indicator table demonstrates where the 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 Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



The Fund is ranked in risk category 4 as its unit prices have experienced average rises and falls in value historically. 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 Fund.

Changes in currency exchange rates may cause the value of investments to decrease or increase.

Investing in other investment trusts may expose investors to increased risk due to less strict regulations and the use of derivatives.

The price of investment trusts may not reflect the value of the assets they hold. This can result in wide price changes of the investment trust shares.

For further risk information please see the prospectus.

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 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.

PRACTICAL INVESTMENT FUND

Statement of Total Return (unaudited)

for the six months ended 15 March 2018

| | 15 March 2018 | | 15 March 2017 | |
|---|------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Income | | | | |
| Net capital (losses)/gains | | (1,427,198) | | 5,400,456 |
| Revenue | 2,688,737 | | 1,435,320 | |
| Expenses | (696,805) | | (362,029) | |
| | <u>1,991,932</u> | | <u>1,073,291</u> | |
| Net revenue before taxation | | | | |
| Taxation | (3,131) | | (4,666) | |
| | <u>1,988,801</u> | | <u>1,068,625</u> | |
| Net revenue after taxation | | | | |
| Total return before distributions | | 561,603 | | 6,469,081 |
| Distributions | | (1,453,188) | | (720,960) |
| Change in net assets attributable to unitholders from investment activities | | <u>(891,585)</u> | | <u>5,748,121</u> |

Statement of Change in Net Assets Attributable to Unitholders (unaudited)

for the six months ended 15 March 2018

| | 15 March 2018 | | 15 March 2017 | |
|---|---------------|--------------------|---------------|-------------------|
| | £ | £ | £ | £ |
| Opening net assets attributable to unitholders | | 126,404,678 | | 63,193,357 |
| Amounts receivable on issue of units | 299,892 | | 1,257,992 | |
| Amounts payable on cancellation of units | (3,226,312) | | (1,672,983) | |
| | | <u>(2,926,420)</u> | | <u>(414,991)</u> |
| Change in net assets attributable to unitholders from investment activities (see above) | | (891,585) | | 5,748,121 |
| Retained distributions on accumulation units | | 266,588 | | 249,619 |
| Unclaimed distributions | | - | | 10,641 |
| | | <u>122,853,261</u> | | <u>68,786,747</u> |
| Closing net assets attributable to unitholders | | | | |

PRACTICAL INVESTMENT FUND

Balance Sheet (unaudited)

as at 15 March 2018

| | 15 March 2018 | 15 September 2017 |
|---|---------------------------|---------------------------|
| | £ | £ |
| ASSETS | | |
| Fixed assets | | |
| Investments | 121,857,979 | 125,533,079 |
| Current assets | | |
| Debtors | 667,215 | 428,275 |
| Cash and bank balances | 1,714,901 | 3,034,916 |
| | <u>2,382,116</u> | <u>3,463,191</u> |
| Total assets | <u>124,240,095</u> | <u>128,996,270</u> |
| LIABILITIES | | |
| Provision for liabilities | | |
| Net distributions payable on income units | (1,163,038) | (2,385,567) |
| Creditors | (223,796) | (206,025) |
| | <u>(1,386,834)</u> | <u>(2,591,592)</u> |
| Total liabilities | <u>(1,386,834)</u> | <u>(2,591,592)</u> |
| Net assets attributable to unitholders | <u>122,853,261</u> | <u>126,404,678</u> |

PRACTICAL INVESTMENT FUND

Notes to the Financial Statements (unaudited)

for the six months ended 15 March 2018

Accounting Policies

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

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 15 September 2017.

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

Certification of Interim report by Directors of the Manager

This report is signed in accordance with the requirements of the COLL Sourcebook.

S. P. Ashfield

Director

Ms. J. M. Sculley

Director

**For Consistent Unit Trust Management Ltd.,
Manager of the Practical Investment Fund.**

30 April 2018

PRACTICAL INVESTMENT FUND

Distribution Tables

for the six months ended 15 March 2018

in pence per unit

Income Distribution

| Class | Distribution | Units | Net revenue | Equalisation | Distribution payable 2018 | Distribution paid 2017 |
|--------|--------------|---------|-------------|--------------|---------------------------|------------------------|
| Income | Interim | Group 1 | 2.7000 | - | 2.7000 | 2.3500 |
| | | Group 2 | 1.3141 | 1.3859 | 2.7000 | 2.3500 |

Accumulation Distribution

| Class | Distribution | Units | Net revenue | Equalisation | Amount reinvested 2018 | Amount reinvested 2017 |
|--------------|--------------|---------|-------------|--------------|------------------------|------------------------|
| Accumulation | Interim | Group 1 | 14.1282 | - | 14.1282 | 11.8959 |
| | | Group 2 | 6.8763 | 7.2519 | 14.1282 | 11.8959 |

Interim period: 16 September 2017 - 15 March 2018

Group 1: Units purchased prior to a distribution period

Group 2: Units purchased during a distribution period

Equalisation

Equalisation applies only to units purchased during the distribution period (Group 2 units). It represents accrued revenue included in the purchase price of the units. 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 units for capital gains tax purposes.

PRACTICAL INVESTMENT FUND

General Information

Authorised Status

Practical Investment Fund (the Fund) is an Authorised Unit Trust Scheme established on 8 February 1941, and belongs to the 'securitites fund' category of such schemes. It is authorised under Section 243 of the Financial Services and Markets Act 2000.

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

Unitholders are not liable for the debts of the Fund.

Head Office

Fair Lorna House, Buckingham Road, Singleborough, Milton Keynes MK17 0RD.

Address for Service

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

Base Currency

The base currency of the Fund is Pounds Sterling.

Units

The Fund may issue income and accumulation units.

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

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

Valuation Point

The scheme property of the Fund will normally be valued at 12:00 on each dealing day for the purpose of calculating the price at which units in the Fund 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 Manager is open for the buying and selling of units. The Manager may at any time during a business day carry out an additional valuation of the property of the Fund if the Manager considers it desirable to do so, with the Trustee's approval.

PRACTICAL INVESTMENT FUND

General Information

continued

Buying and Selling of Units

The Manager will accept orders for the purchase and sale of units on normal business days between 9.00am and 5.00pm. Instructions to buy or sell units may either be in writing to:

Yealand Administration Ltd, Stuart House, St John's Street, Peterborough PE1 5DD.

Or by telephone to:

0345 850 8818

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

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

Pricing

The prices of units are published in the Financial Times in the FT Managed Funds Services Authorised Unit Trust section under the heading: Consistent Unit Trust Management Company Limited.

Other Information

The Trust Deed and of any Supplemental Deeds of the Fund, the Prospectus and the most recent annual and half-yearly reports may be inspected at the head office of the Manager at the address set out in the Directory and copies may be obtained free of charge upon application.

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

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 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.

