



# PRACTICAL INVESTMENT FUND

INTERIM  
REPORT  
15 MARCH 2020

CONSISTENT UNIT TRUST  
MANAGEMENT COMPANY LIMITED

# PRACTICAL INVESTMENT FUND

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# 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](http://www.consistentunittrust.co.uk)

(Authorised and regulated by the Financial Conduct Authority)

### **Directors of the Manager**

S. P. Ashfield (Chairman)

C. J. Lloyd

Ms. J. M. Sculley

T. C. Cornick

A. K. Watkins

### **Secretary**

Ms. J. M. Sculley

### **Trustee**

NatWest Trustee and Depositary Services Limited

Registered and Head office:

250 Bishopsgate, London EC2M 4AA

(Authorised and regulated by the Financial Conduct 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](mailto:consistent@yealand.com)

Website: [www.yealand.com](http://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 2020

### **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 79 years demonstrate that these objectives have been achieved, despite many difficult years.

### **Investment Strategy**

The Fund has investments in 41 securities. As at 15 March 2020, of the Fund's net assets of £88 million, 96.1% was invested in UK and international securities including United States, Canada, Europe and the Pacific Basin. Of the remaining 3.9%, 2.3% was in Collective Investment Schemes (unit trusts) 0.3% in Property Investment Instruments and the final 1.3% was in 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. 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 6.85% for the capital, and 6.48% for the income since 1941.

### **Income**

The distribution for the six months ended 15 March 2020 is 3.10p (2019: 2.90p) per income unit.

# PRACTICAL INVESTMENT FUND

## Manager's Report

continued

### Performance Record

#### Sector Performance to 15 March 2020 (%)

	1 year	3 years	5 years
Practical Investment Fund*	-12.3	-6.6	9.4
FTSE All-Share Index TR	-21.2	-15.7	-0.4

\*Accumulation units which includes reinvested income.

### Significant Portfolio Changes

for the period from 16 September 2019 to 15 March 2020

	Cost £
<b>Top 5 purchases</b>	
M&G	1,499,354
Rio Tinto	1,466,684
Royal Dutch Shell 'B'	975,649
Civitas Social Housing	765,126
Henderson Far East Income	546,324
	<b>£5,253,137</b>
	<b>Proceeds £</b>
<b>Top 5 sales</b>	
Legal & General Group	1,677,495
Witan Investment Trust	1,436,546
JPMorgan Global Emerging Markets Income Trust	1,330,414
Temple Bar Investment Trust	1,107,563
Rio Tinto	646,505
	<b>£6,198,523</b>

### Investment Outlook

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

### Consistent Unit Trust Management Company Limited

April 2020

# 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 2020

Holding	Security	Value £	% of Total Net Assets
<b>Canadian Trusts - 2.30% (1.92%)</b>			
58	Canadian & Foreign Securities	2,029,625	2.30
<b>Collective Investment Schemes - 2.34% (2.06%)</b>			
2,950,000	Consistent Unit Trust - Income Units <sup>^</sup>	1,201,313	1.36
1,536,204	Henderson Preference & Bond - Income Shares	862,425	0.98
		<u>2,063,738</u>	<u>2.34</u>
<b>Equities - 4.66% (4.23%)</b>			
<b>Basic Materials - 1.30% (0.59%)</b>			
<b>Mining - 1.30% (0.59%)</b>			
35,000	Rio Tinto	1,145,900	1.30
<b>Financials - 1.88% (1.71%)</b>			
<b>Financial Services - 1.33% (0.00%)</b>			
800,000	M&G	1,169,600	1.33
	Life Insurance - 0.55% (1.71%)		
250,000	Legal & General Group	482,500	0.55
		<u>1,652,100</u>	<u>1.88</u>
<b>Oil &amp; Gas - 1.48% (1.93%)</b>			
120,000	Royal Dutch Shell 'B'	1,299,600	1.48
		<u>4,097,600</u>	<u>4.66</u>
<b>Investment Trusts - 89.11% (90.48%)</b>			
6,550,000	Aberforth Split Level Income Trust	4,061,000	4.61
600,000	Chelverton Small Companies Dividend Trust	858,000	0.97
1,400,000	City Merchants High Yield Trust	2,408,000	2.73
500,000	City of London Investment Trust	1,592,500	1.81
1,825,000	Dunedin Income Growth Investment Trust	4,197,500	4.76
550,000	Edinburgh Investment Trust	2,389,750	2.71
4,500,000	European Assets Trust	3,654,000	4.15
520,000	F&C Private Equity Trust	1,731,600	1.97
1,525,000	Henderson Far East Income	4,453,000	5.05
1,750,000	Henderson High Income Trust	2,528,750	2.87
625,000	Henderson International Income Trust	828,125	0.94
550,000	International Biotechnology	2,772,000	3.15
1,225,000	Invesco Income Growth Trust	2,744,000	3.11
4,000,000	Invesco Perpetual Enhanced	2,704,000	3.07
3,750,000	Investors Capital Trust	2,812,500	3.19
675,000	JP Morgan Asian	2,342,250	2.66

## PRACTICAL INVESTMENT FUND

### Portfolio Statement

as at 15 March 2020

continued

Holding	Security	Value £	% of Total Net Assets
<b><i>Investment Trusts - 89.11% (90.48%)</i></b>			
<b><i>- continued</i></b>			
225,000	JP Morgan Claverhouse	1,246,500	1.41
3,570,000	JPMorgan Elect Managed Income Trust	2,713,200	3.08
2,500,000	JPMorgan Emerging Markets Income Trust	2,650,000	3.01
975,000	JPMorgan Global Growth & Income	2,681,250	3.04
550,000	JPMorgan Japan Smaller Companies Investment Trust plc	1,754,500	1.99
6,339	Lazard World Trust Fund	18,703	0.02
180,000	Murray International	1,688,400	1.92
1,200,000	Perpetual Income & Growth Investment Trust	2,646,000	3.00
800,000	Schroder Income Growth Fund	1,712,000	1.94
1,025,000	Scottish American Investment Company	3,495,250	3.97
500,000	Scottish Mortgage	2,682,500	3.04
1,825,000	Securities Trust of Scotland	2,920,000	3.31
825,000	Standard Life Equity Income Trust	2,359,500	2.68
825,000	Standard Life Private Equity	2,466,750	2.80
320,000	Temple Bar Investment Trust	2,694,400	3.06
725,000	The Merchants Trust	2,711,500	3.08
		78,517,428	89.11
<b><i>Property Investment Instruments -</i></b>			
<b><i>0.25% (0.00%)</i></b>			
250,000	Civitas Social Housing PLC	221,500	0.25
	<b>Investment assets</b>	<b>86,929,891</b>	<b>98.66</b>
	<b>Net other assets</b>	<b>1,178,242</b>	<b>1.34</b>
	<b>Net assets</b>	<b>88,108,133</b>	<b>100.00</b>

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 2019.

# PRACTICAL INVESTMENT FUND

## Comparative Tables

### Change in net assets per unit

	Income Units			Accumulation Units		
	Six months 15 March 2020 p	Year ended 15 September 2019 p	Year ended 15 September 2018 p	Six months 15 March 2020 p	Year ended 15 September 2019 p	Year ended 15 September 2018 p
<b>Opening net asset value per unit</b>	<b>229.03</b>	<b>232.65</b>	<b>233.24</b>	<b>1,283.11</b>	<b>1,259.33</b>	<b>1,220.82</b>
Return before operating charges†	(37.93)	6.91	10.02	(218.91)	26.29	41.13
Operating charges	(1.30)	(2.51)	(2.62)	(1.30)	(2.51)	2.62
<b>Return after operating charges†</b>	<b>(39.23)</b>	<b>4.40</b>	<b>7.40</b>	<b>(220.21)</b>	<b>23.78</b>	<b>38.51</b>
<i>Income units</i>						
Interim	(3.10)	(2.90)	(2.70)	n/a	n/a	n/a
Final	n/a	(5.12)	(5.29)	n/a	n/a	n/a
Distributions on income units	(3.10)	(8.02)	(7.99)	n/a	n/a	n/a
<b>Closing net asset value per unit</b>	<b>186.70</b>	<b>229.03</b>	<b>232.65</b>	<b>1,062.90</b>	<b>1,283.11</b>	<b>1,259.33</b>
<i>Accumulation units</i>						
Interim	n/a	n/a	n/a	17.36	15.69	14.13
Final	n/a	n/a	n/a	0.00	28.06	28.00
Retained distributions on accumulation units	n/a	n/a	n/a	17.36	43.75	42.13
†After direct transaction charges of	0.13	0.21	0.42	0.13	0.21	0.42
<b>Performance</b>						
Return after operating charges	(17.1)%	1.9%	3.2%	(17.1)%	1.9%	3.2%
<b>Other information</b>						
Closing net asset value (NAV)	£72,342,985	£92,255,081	£98,837,401	£15,765,148	£20,020,343	£22,369,765
Closing number of units	38,748,316	40,281,531	42,483,820	1,483,224	1,560,301	1,776,319
Operating charges total	1.11%	1.12%	1.13%	1.11%	1.12%	1.13%
Direct transaction charges	0.06%	0.09%	0.18%	0.06%	0.09%	0.18%
<b>Prices (p)</b>						
Highest	251.04	240.00	247.10	1,405.88	1,315.00	1,295.94
Lowest	189.24	209.40	223.57	1,059.79	1,133.00	1,183.31

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 2020

	15 March 2020		15 March 2019	
	£	£	£	£
Income				
Net capital losses		(20,145,662)		(4,024,427)
Revenue	2,521,356		2,635,996	
Expenses	(620,416)		(626,039)	
Interest payable and similar charges	-		-	
	<u>1,900,940</u>		<u>2,009,957</u>	
Taxation	-		(25,481)	
Net revenue after taxation		<u>1,900,940</u>		<u>1,984,476</u>
Total return before distributions		(18,244,722)		(2,039,951)
Distributions		<u>(1,487,876)</u>		<u>(1,500,839)</u>
Change in net assets attributable to unitholders from investment activities		<u>(19,732,598)</u>		<u>(3,540,790)</u>

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

for the six months ended 15 March 2020

	15 March 2020		15 March 2019	
	£	£	£	£
Opening net assets attributable to unitholders		112,158,801		121,207,166
Amounts receivable on issue of units	1,669,877		369,394	
Amounts payable on cancellation of units	<u>(6,245,439)</u>		<u>(2,993,722)</u>	
		(4,575,562)		(2,624,328)
Change in net assets attributable to unitholders from investment activities (see above)		(19,732,598)		(3,540,790)
Retained distributions on accumulation units		<u>257,492</u>		<u>265,550</u>
Closing net assets attributable to unitholders		<u>88,108,133</u>		<u>115,307,598</u>

## PRACTICAL INVESTMENT FUND

### Balance Sheet (unaudited)

as at 15 March 2020

	15 March 2020	15 September 2019
	£	£
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments	86,929,891	110,808,392
<b>Current assets</b>		
Debtors	641,453	372,092
Cash and bank balances	2,379,602	3,527,501
	<u>3,021,055</u>	<u>3,899,593</u>
<b>Total assets</b>	<b><u>89,950,946</u></b>	<b><u>114,707,985</u></b>
<b>LIABILITIES</b>		
<b>Provision for liabilities</b>		
Net distributions payable on income units	(1,201,198)	(2,062,414)
Creditors	(641,615)	(370,147)
	<u>(1,842,813)</u>	<u>(2,432,561)</u>
<b>Total liabilities</b>	<b><u>(1,842,813)</u></b>	<b><u>(2,432,561)</u></b>
<b>Net assets attributable to unitholders</b>	<b><u>88,108,133</u></b>	<b><u>112,275,424</u></b>

## PRACTICAL INVESTMENT FUND

### **Notes to the Financial Statements (unaudited)**

for the six months ended 15 March 2019

#### **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 2019.

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 2020

# PRACTICAL INVESTMENT FUND

## Distribution Tables

for the six months ended 15 March 2020

in pence per unit

### Income Distribution

Class	Distribution	Units	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Income	Interim	Group 1	3.1000	-	3.1000	2.9000
		Group 2	1.2294	1.8706	3.1000	2.9000

### Accumulation Distribution

Class	Distribution	Units	Net revenue	Equalisation	Amount reinvested 2020	Amount reinvested 2019
Accumulation	Interim	Group 1	17.3603	-	17.3603	15.6932
		Group 2	6.8848	10.4755	17.3603	15.6932

Interim period: 16 September 2019 - 15 March 2020

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 'securitised 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.







