

Interim Short Report

for the period ending 31 December 2016

CFIC CRUX Funds ICVC

- CFIC CRUX European Fund
(formerly CFIC Oriel European Fund)

Corporate Information

Authorised Corporate Director

City Financial Investment Company Limited
(Authorised and regulated by the
Financial Conduct Authority)

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Directors of the ACD

R.C. Hain, A.N. Williams, J.P. Hollihan
M.L. Stein, D.R. Beatty, L.S. Aggarwal,
M. Cartwright

Investment Manager

(To 30 January 2017)
Oriol Asset Management LLP
(Authorised and regulated by the
Financial Conduct Authority)

150 Cheapside
London
EC2V 6ET

(From 31 January 2017)
CRUX Asset Management Limited
(Authorised and regulated by the
Financial Conduct Authority)

5 Stratton Street
London W1J 8LA

Buying and Selling of Shares: The ACD 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.

Report and Accounts: This document contains a short report of the CFIC CRUX European Fund, a sub-fund of the CFIC CRUX Funds ICVC, for the period ending 31 December 2016. The full Report and Accounts for the Fund is available free of charge upon written request to City Financial Investment Company Limited, 62 Queen Street, London EC4R 1EB.

Other Information: The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the period it covers and the results of those activities at the end of the period.

Depository

BNY Mellon Trust & Depository (UK) Limited
(Authorised and regulated by the
Financial Conduct Authority)

Registered Office:
The Bank of New York Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Principal place of business:
One Canada Square
London E14 5AL

Administrator and Registrar

Capita Financial Administrators Limited
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Customer Service Centre
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Fax: +44 113 224 6001

Independent Auditor

KPMG LLP
20 Castle Terrace
Edinburgh EH1 2EG

CFIC CRUX European Fund

The Fund's investment objective and policy

The investment objective of CFIC CRUX European Fund ('the Fund') is to achieve capital growth primarily from a portfolio of European investments, excluding United Kingdom, with no sector bias.

In seeking to achieve the Fund's objective, the portfolio will be invested primarily in transferable securities and will be structured by employing a strict cash flow based valuation criteria, focusing on the medium to long term horizon. The portfolio will be concentrated, typically consisting of between 40 to 65 holdings and may at any time include small and mid-cap holdings which fit the above criteria. Due to the concentration the structure of the portfolio of the Fund may differ materially from the benchmark index.

The Fund may also invest in money market instruments, deposits, warrants, units in collective investment schemes and derivatives.

Derivatives and forward transactions may be used by the Fund for investment purposes.

Benchmark Index: FTSE World Europe (Excluding UK) Index.

Investment Manager's Report

Review

The six months to 31 December 2016 have been momentous, even by recent years. Populism remains an ongoing concern, having first led to the United Kingdom voting to sever the European umbilical cord, and a reality television star sweeping aside the establishment in the biggest popularity vote of them all. The Italians, who never like to be left out of the party, also effectively deposed their Prime Minister by voting against his attempts to enact constitutional reform.

Yet, through the mist of battle, European equities emerged, if one overlooks the odd minor wobble, unscathed and finished the six-month period in the black. Sector rotation came to the fore as investors tried to second-guess the impacts of Brexit and the likely policies of President Donald Trump. Mining and energy stocks initially came to the fore, swiftly to be replaced by the financial sector. The Organization of the Petroleum Exporting Countries kept the market on their toes with multiple false announcements of a possible agreement to cut production, before finally it dawned on the Saudi Arabian authorities that their budget deficit would only get even deeper without one.

The European Central Bank ('ECB') continued to deliver Christmas cheer by keeping the printing presses running throughout the holiday season and promising that the tap would not be switched off anytime soon. Corporates leapt at the idea of yet more 'cheap' money. The respective currencies were not so ecstatic about the news, although the Italian banking crisis was already doing its best to keep investors away from the euro.

Despite the ECB's insistence that the eurozone still requires its monthly stimulus, we have seen most of the economic indicators report that the region is returning to growth. Employment has increased every quarter since 2013, and youth unemployment, which remains unacceptably high, is starting to fall in almost all geographies. The manufacturing and services surveys indicate that the region is growing well above the average level registered since the financial crisis despite facing a head wind from a slowing Chinese economy. Order books are encouraging and there are signs of inflation returning in most of the region, which is distinctly different to the concerns over deflation that swirled around in the first half of 2016.

Performance

Over the course of the six-month reporting period the Fund ('B' Income) returned 8.39%.¹

During the six-month period to 31 December 2016, we have sold two of our holdings. Intesa Sanpaolo is the best capitalised of the Italian Banks; however, we were disappointed by the internal targets that management had set themselves for reducing their non-performing loans ('NPLs') because the stated target would still leave NPLs above the eurozone average. Furthermore, we had concerns about the wider Italian banking system. As the best capitalised bank, they were net contributors to the Atlante fund and therefore, were likely to be required to bail out their peers. We also sold our holding in the German industrial gas company, Linde. The shares picked up on the news that talks were underway with their US peer, Praxair, on a potential merger to make the world's largest industrial gas company. The merger would require few disposals as there is minimal overlap, and Linde would be able to benefit from the best-in-class practices that Praxair operates. Unfortunately, the management at Linde broke off the talks, causing the CFO to resign and the CEO to announce his departure from 2017. Post the management reshuffle, talks resumed and the merger was finally agreed in December.

We have initiated a position in the advertising company Havas. The company has established digital marketing centres which offer integrated solutions and enable instant feedback. Despite its small size when compared to the global behemoths of WPP, Publicis and Omnicom, it has started to be successful in taking market share as well as seeing margins double in less than a decade. Although the company has negligible debt, management has been focused on execution rather than copying the acquisitive nature of its competitors, and has seen the return of capital to shareholders in dividends as a better use of excess cash. We also started a position in the Swiss construction chemicals company Sika. The company is the world leader in construction chemicals with an 8% market share and is the fourth largest player in the adhesive and sealant category worldwide. Its products have led the innovation in the construction of skyscrapers, increasing the life expectancy of roofing and flooring. The company's adhesives have a wide variety of uses, not just in construction, but also most notably in the automotive field. Operating in a fragmented market, Sika has maintained its

leadership by innovation and opportunistic bolt-on acquisitions; since 2012 the company has filed 333 patents and 377 invention disclosures, through spending 3% of sales in R&D at a time when peers have cut their R&D budgets to almost zero. The company has been subjected to an unsolicited and unwelcome approach by Saint-Gobain, which has a much lower quality return profile than Sika. This gave us an opportunity to start a position as the Swiss courts ruled in Sika's favour over restricting Saint-Gobain's voting rights to 5%, effectively blocking any take over.

Outlook

The outlook for Europe and the UK faces a few hurdles as, if Theresa May is to be believed, Article 50 will be triggered in first quarter 2017, at which point the full reality of the uncharted waters that the UK trawler has to traverse will start to be unveiled. 2016 has taught the world's population not to trust pollsters; so, with German, French and Dutch elections tabled to occur, we wait to see whether the euro-sceptic and populist candidates of Gerhard Wilders and Marine Le Pen succeed in their respective counties. Even Angela Merkel's support has given up some ground to the Alternative für Deutschland, post her decision to open the borders to refugees. The European economy is showing signs of life, and we believe that the ECB should start to remove the life support mechanism and follow the Federal Reserve's policy of gradually returning to normal monetary policy.

While we do not expect Europe to return to pre-financial crisis growth rates in the near term, we remain upbeat that the fundamentals for the region are improving and will continue to do so over the course of the year. With inflation returning to the region, and sovereign yields increasing, we believe that the market will start to distinguish between those companies that have used the low interest rate environment wisely to pay down debt and invest in future growth, from those who have increased debt levels but spent it on frivolous projects or to support dividend payments that are not covered by free cash flows.

We continue to pursue our quest to identify quality companies with reliable revenue stream and cash flow generation that should be able to grow when times are good and prove steadfast should things turn sour. We enter 2017 in the hope that the numerous uncertainties that we see over the horizon may produce opportunities for us to add to existing holdings or initiate new positions at attractive prices.

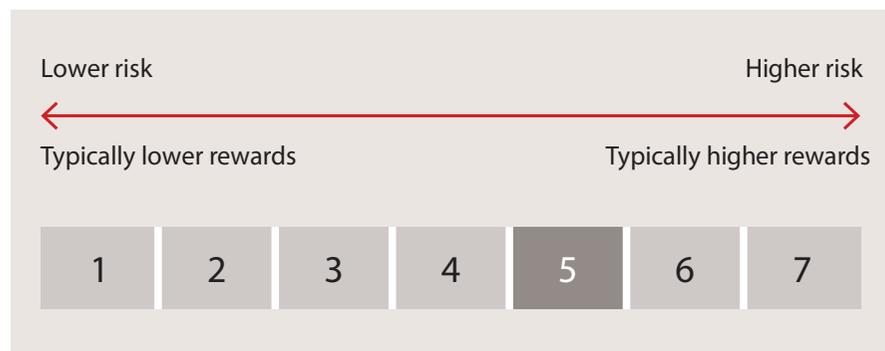
CRUX ASSET MANAGEMENT LIMITED

Investment Manager

21 February 2017

¹ Source: Morningstar Direct.

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 risk category shown is not guaranteed and may change over time.

The lowest category does not mean risk-free.

Actual figures show that this share class is in risk category 5 as equity prices tend to fluctuate more than other asset classes and its price has experienced significant rises and falls.

Please also refer to *Additional Information on the CFIC CRUX European Fund* on page 12 of this report.

Comparative tables

Information for 31 December 2016 relates to the 6 month period ending 31 December 2016, 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 12 month period ending 31 December 2016, expressed as a percentage of the average net asset value over the same period.

	31.12.16 (p/share)	30.06.16 (p/share)	30.06.15 (p/share)	30.06.14 (p/share)
'A' Income shares				
Change in net assets per share				
Opening net asset value per share	360.82	345.83	320.92	293.55
Return before operating charges*	33.18	23.27	34.22	34.54
Operating charges	(4.30)	(8.28)	(7.99)	(7.13)
Return after operating charges	28.88	14.99	26.23	27.41
Distributions on income shares	—	—	(1.32)	(0.04)
Closing net asset value per share	389.70	360.82	345.83	320.92
* after direct transaction costs of:	0.06	0.09	0.05	0.19
Performance				
Return after charges	8.00%	4.33%	8.17%	9.34%
Other Information				
Closing net asset value (£'000)	5,923	5,591	9,882	10,988
Closing number of shares	1,519,850	1,549,408	2,857,250	3,423,663
Operating charges	2.39%	2.42%	2.41%	2.25%
Direct transaction costs	0.01%	0.02%	0.01%	0.06%
Prices				
Highest share price	408.34	361.56	371.26	331.97
Lowest share price	363.05	318.78	286.59	287.55

Comparative tables (continued)

	31.12.16 (p/share)	30.06.16 (p/share)	30.06.15 (p/share)	30.06.14 (p/share)
'B' Income shares				
Change in net assets per share				
Opening net asset value per share	<u>357.52</u>	<u>344.55</u>	<u>320.16</u>	<u>292.85</u>
Return before operating charges*	33.01	23.41	34.36	34.51
Operating charges	<u>(2.82)</u>	<u>(5.76)</u>	<u>(5.58)</u>	<u>(4.76)</u>
Return after operating charges	<u>30.19</u>	<u>17.65</u>	<u>28.78</u>	<u>29.75</u>
Distributions on income shares	<u>—</u>	<u>(4.68)</u>	<u>(4.39)</u>	<u>(2.44)</u>
Closing net asset value per share	<u>387.71</u>	<u>357.52</u>	<u>344.55</u>	<u>320.16</u>
* after direct transaction costs of:	0.06	0.09	0.05	0.19
Performance				
Return after charges	8.44%	5.12%	8.99%	10.16%
Other Information				
Closing net asset value (£'000)	6,714	6,332	3,593	3,087
Closing number of shares	1,731,772	1,771,205	1,042,947	964,354
Operating charges	1.64%	1.67%	1.66%	1.50%
Direct transaction costs	0.01%	0.02%	0.01%	0.06%
Prices				
Highest share price	405.58	362.42	372.55	333.53
Lowest share price	359.85	319.09	286.55	286.88

	31.12.16 (p/share)	30.06.16 ² (p/share)
'B' Accumulation shares¹		
Change in net assets per share		
Opening net asset value per share	<u>104.15</u>	<u>100.00</u>
Return before operating charges*	9.60	4.27
Operating charges	<u>(0.78)</u>	<u>(0.12)</u>
Return after operating charges	<u>8.82</u>	<u>4.15</u>
Distributions	<u>—</u>	<u>(0.36)</u>
Retained distributions on accumulation shares	<u>—</u>	<u>0.36</u>
Closing net asset value per share	<u>112.97</u>	<u>104.15</u>
* after direct transaction costs of:	0.02	—
Performance		
Return after charges	8.47%	4.15%
Other Information		
Closing net asset value (£'000)	1	1
Closing number of shares	500	500
Operating charges	1.64% ³	1.67% ³
Direct transaction costs	0.01% ³	0.02% ³
Prices		
Highest share price	118.14	104.21
Lowest share price	104.80	97.17

¹ The 'B' Accumulation share class was closed on 2 February 2017 and is no longer available for investment.

² From 16 May 2016.

³ Estimated annualised figure due to share class being launched less than 1 year prior to 30 June 2016.

Fund performance to 31 December 2016 (%)

	6 months	1 year	3 years	5 years
CFIC CRUX European Fund	8.39	10.90	24.62	83.22
FTSE World Europe (ex UK) Index	14.92	21.17	26.07	83.54

Source: Morningstar Direct to 31 December 2016, mid-to-bid on 'B' Income which includes reinvested income.

Should performance information on other share classes be needed, please contact Customer Service.

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.

Top holdings % of fund

Holding	31 December 2016	Holding	30 June 2016
Nestlé	5.07	Anheuser-Busch InBev	6.24
Anheuser-Busch InBev	4.42	Nestlé	5.26
ASSA ABLOY	4.03	ASSA ABLOY	4.69
Infineon Technologies	3.49	Ingenico	3.63
Banque Cantonale Vaudoise	3.45	Banque Cantonale Vaudoise	3.52
UBS Group	3.40	Novartis	3.29
KONE	3.31	KONE	3.26
Syngenta	3.25	Syngenta	3.01
Brenntag	3.21	L'Oréal	2.95
Svenska Handelsbanken	3.10	Roche Holding	2.92

The top ten holdings may differ from the Factsheet as for reporting purposes bid value is used.

Geographical spread of investments % of fund

	31 December 2016	30 June 2016
Switzerland	25.59	24.04
Germany	19.58	18.41
France	18.86	18.45
Spain	7.14	6.98
Sweden	7.13	7.26
Denmark	5.63	6.59
Belgium	4.42	6.24
Finland	3.31	3.26
Luxembourg	2.29	2.16
Ireland	2.03	2.30
United Kingdom	1.40	1.72
Italy	—	1.36
Net other assets	2.62	1.23

Accounting and distribution dates

	Accounting	Distribution
Interim	31 December	28 February
Final	30 June	31 August

Distributions

Share class	Interim	Special Distribution	Final	Interim
	31 December 2015	29 January 2016	30 June 2016	31 December 2016
	pence per share	pence per share	pence per share	pence per share
'A' Income	—	—	—	—
'B' Income	—	—	4.6839	—
'B' Accumulation	—	—	0.3640	—

Additional information on the CFIC CRUX European Fund

Risk Profile: The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The ACD reviews the policies for managing these risks in order to follow and achieve the Investment Objectives.

Risk Warning: Please remember that past performance should not be seen as a guide to future performance and that the value of an investment and the income from it can fall as well as rise and may be affected by exchange rate variations.

Important Information: With effect from 21 July 2016, the address of the administrator and registrar has changed to Arlington Business Centre, Millshaw Park Lane, Leeds LS11 0PA, and the address for all correspondences to PO Box 391, Darlington DL1 9UH.

With effect from 3 January 2017, Capita Financial Administrators Limited appointed fund accounting responsibilities of the Fund to The Bank of New York Mellon (International) Limited.

With effect from 31 January 2017, the Investment Manager for the Fund changed from Oriel Asset Management LLP to CRUX Asset Management Limited.

With effect from 31 January 2017, the name of the Company changed from CFIC Funds ICVC to CFIC CRUX Funds ICVC. The name of the Fund also changed from CFIC Oriel European Fund to CFIC CRUX European Fund.

The 'B' Accumulation share class was closed on 2 February 2017 and is no longer available for investment.

City Financial fund range

City Financial Multi Asset funds

We believe that multi asset enables maximisation of returns across a wide range of assets and helps to remove the specific risk of a particular country, sector or fund manager going through a poor year of investment return.

City Financial Multi Asset Balanced Fund

The Fund aims to achieve consistent long-term total returns from both capital and income. *Sector: IA Mixed Investment 20-60% Shares.*

City Financial Multi Asset Diversified Fund

The Fund aims to achieve consistent long-term total returns from both capital and income. *Sector: IA Mixed Investment 0-35% Shares.*

City Financial Multi Asset Growth Fund

The objective of the Fund is to achieve consistent long-term capital growth. *Sector: IA Mixed Investment 40-85% Shares.*

City Financial Multi Asset Dynamic Fund

The Fund aims to provide long-term returns from capital growth over the longer term. *Sector: IA Flexible Investment.*

City Financial Equity funds

Our equity funds provide exposure to listed companies through income, total-return and long/short investment strategies.

City Financial Absolute Equity Fund

The Fund aims to achieve a positive absolute return for investors over rolling thirty six month periods primarily through investment in UK and global equities. *Sector: IA Targeted Absolute Return.*

CFIC Loudwater Fund

The aims are to generate a rising level of income and achieve long-term capital growth by investing in a concentrated portfolio of equities. At least 50% will be invested in the UK equities, with the balance in global equities which may include UK equities. *Sector: Unclassified.*

City Financial Fixed Income funds

We offer a range of fixed income funds that provide exposure to UK, European and Global fixed income securities, currencies and related derivatives.

City Financial Diversified Fixed Interest Fund

The investment objective is to generate a high level of income, primarily through investment in a concentrated portfolio of fixed interest securities. *Sector: IA £ Strategic Bond.*

The logo for City Financial, featuring the text "City Financial" in a white serif font centered within a dark grey square background.

City Financial

The logo for Agility + Acumen, featuring the text "Agility + Acumen" in a white sans-serif font centered within a medium grey square background.

Agility + Acumen

For more information on our Funds please contact us using the following details:

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administration@cityfinancial.co.uk

cityfinancial.co.uk

City Financial Investment Company Limited

Registered Office: 62 Queen Street, London EC4R 1EB

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