

Investment Objective

The Fund aims to deliver a level of return over rolling three year periods equivalent to cash (as measured by 6 month LIBOR) plus 6% per annum before fees and charges. There is no guarantee that a positive return will be achieved over this, or any period, and capital is at risk. The annualised volatility for the Fund is expected to be 9% per annum irrespective of general equity and bond market conditions.

Investment Policy

The Fund will seek to achieve its investment objective primarily through investment in exchange traded funds, transferable securities, and other regulated collective investment schemes. This may include schemes or funds managed by the ACD and/or an associate. The Fund may also invest directly in money market instruments, warrants, deposits, cash and near cash. There is no particular emphasis on any geographical area or industry or economic sector. The Fund is permitted to use derivatives but solely for the purposes of Efficient Portfolio Management (including hedging).

Fund Information

VT iFunds Absolute Return Orange Fund	
Bloomberg Code (Acc Share Class)	THORAAA LN
Launch Date	27 May 2011
ISA Eligible	Yes
UCITS Scheme	Yes
IA Sector	Absolute Return
Benchmark (gross)	6 month LIBOR + 6%
Initial Charge	0.00%
Ongoing Charges Figure (OCF)*	1.01%
Minimum Investment	£5,000
Fund Size	£58.0m
Investment Adviser	iFunds
Authorised Corporate Director (ACD)	Valu-Trac (VT)

* The OCF is inclusive of a 0.58% management fee and the charges of the underlying holdings.

Performance Summary

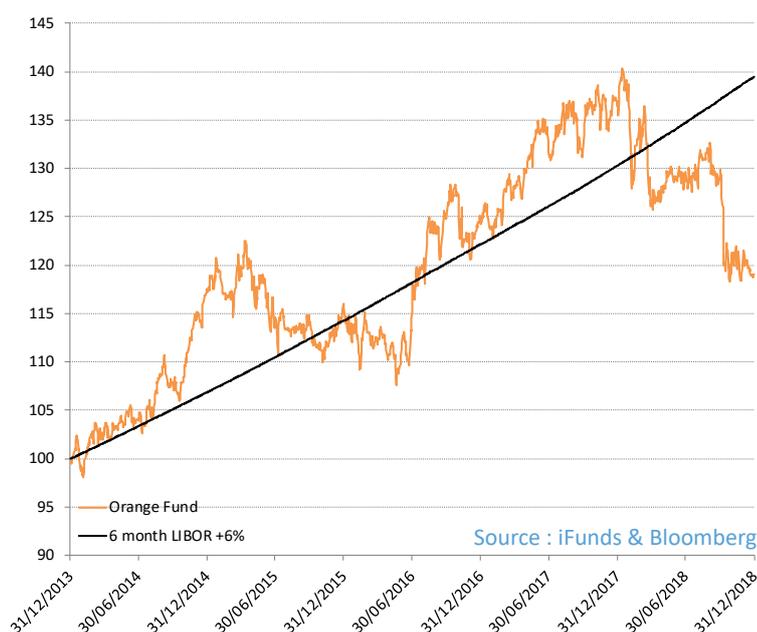
Past performance is not a guide to future performance. On 10/11/2016 the Fund switched from a Non-UCITS Retail Scheme (NURS) to a UCITS scheme. Prior to 10/11/2016 the only additional investment power used under NURS was to allow up to 35% of the fund value to be invested in a single instrument. Under UCITS rules the maximum investment is 20%. As the fund invests solely in index tracking ETFs & ETCs, this new restriction would not have impacted materially on past performance as the fund would simply have invested in two separate index tracking funds had the new limit applied.

Performance Table

Performance to 31/12/18	1 month to 31/12/18	6 months to 31/12/18	1 year to 31/12/18	3 years to 31/12/18	5 years to 31/12/18
VT iFunds Absolute Return Orange Fund (net)	-0.8%	-8.2%	-12.7%	1.0% p.a.	3.5% p.a.
Benchmark (6 month LIBOR + 6%) (gross)	0.6%	3.5%	6.8%	6.7% p.a.	6.7% p.a.
Year on Year Performance	Year to 31/12/18	Year to 31/12/17	Year to 31/12/16	Year to 31/12/15	Year to 31/12/14
VT iFunds Absolute Return Orange Fund (net)	-12.7%	9.8%	7.4%	-1.4%	17.2%
Benchmark (6 month LIBOR + 6%) (gross)	6.8%	6.5%	6.6%	6.7%	6.7%
Risk	1 year volatility	3 year volatility	5 year volatility	Max 30 day loss	Maximum drawdown
VT iFunds Absolute Return Orange Fund (net)	8.2%	8.3% p.a.	8.1% p.a.	-8.6%	-15.7%

Fund performance is net of all fees and charges. Volatility has been calculated using the standard deviation of monthly returns. Max 30 day loss is the biggest loss over any rolling 30 day period since fund launch. Max drawdown is the biggest loss from peak to trough since fund launch. Data has been provided by iFunds Asset Management and other third party data providers. For full disclosures please see the bottom of page two.

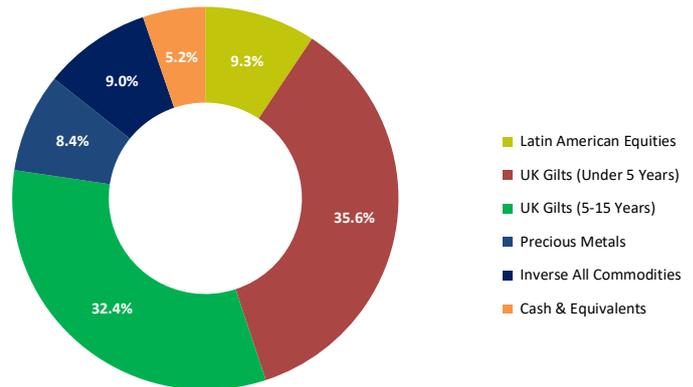
Five Years Cumulative Net Performance to 31st December 2018



Top 5 Holdings

ETF / Fund	Weighting
SPDR Barclays Capital 1-5 Year Gilt ETF	18%
iShares UK Gilts 0-5yr UCITS ETF	18%
iShares Core UK Gilts UCITS ETF	17%
SPDR Barclays Capital UK Gilt ETF	15%
iShares MSCI EM Latin America UCITS ETF	9%

Fund Asset Allocation (as at 31/12/2018)



Commentary

The fund fell by 0.8% in December against a backdrop of large falls in equity markets, particularly in the US where the S&P 500 dropped 9.8%. In the UK, equities fell by 3.4% and UK government bonds rose by 2.2%, as measured by the FTSE All Share and FTSE All Stocks Gilt indices respectively.

Stock markets failed to end the year on a positive note as indices from around the globe suffered losses. In the US, the S&P 500 was down just shy of 10% as trade talks between the US and China remain unproductive and a standoff between the Republicans and Democrats over funding has led to a government shutdown. Japanese equities were amongst the worst performers as fears over global demand and a rising Yen hurt the profitability of exporters.

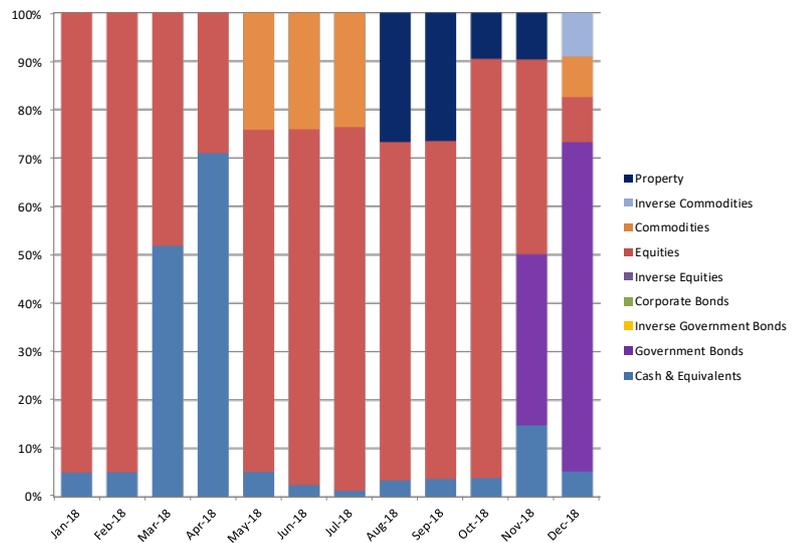
Against this backdrop of negative returns, the fund has continued to reduce equity exposure and move towards traditionally defensive assets such as bonds and gold. Currently, Latin American equities, which have been the one shining light in the equity market over recent months, remain the only equity allocation within the fund. All US equity exposure was liquidated towards the start of the month as they joined the long list of negatively trending assets. UK government bond exposure has been significantly increased as bond prices rallied during this latest equity selloff. Compared to February and March, we have seen bond performance diverge away from equities as a number of Central Banks signal the possibility of a slower path for interest rate rises.

Aside from an increase in bond exposure and an allocation to gold, the fund also opened a position in inverse commodities as the price of oil continued to fall on the back of oversupply. Over December alone, the price of oil was down almost 14%, taking the price of a barrel back to the lows of 2017.

Overall it has been a difficult year for the fund following two short and sharp selloffs. The fund is currently positioned defensively against further falls in stock markets.

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Monthly Asset Allocation Changes



Benefits of iFunds Absolute Return Funds

Our Absolute Return range of multi-asset funds aim to provide investors with positive returns above cash over rolling three year periods. Each fund seeks to maximise the level of return for a given level of risk whilst reducing drawdown. Overall our goal is to provide a more predictable and smoother outcome for all investors.

- Potential for positive returns regardless of market conditions.
- Consistent volatility profile.
- Risk based asset allocation.
- Truly flexible and dynamic asset allocation.
- Repeatable and proven investment process.

The ACD of the fund is Valu-Trac Investment Management Limited. Valu-Trac Investment Management Limited is authorised and regulated by the Financial Conduct Authority (FCA), registration number 145168. This status can be checked with the FCA on 0845 730 0104, or on the FCA website. Registered in England No. 2428648.

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