

DEFENSIVE INCOME SECURITIES FUND

An exciting new fund from a specialist investment manager, which seeks to deliver consistent income returns from a low volatility portfolio of UK-listed securities of real asset-owning companies.

ANNUAL REPORT 2019

Annual Report and
Financial Statements
for the period 3 April 2018
to 31 March 2019

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* Collectively these comprise the Authorised Corporate Director's report

Defensive Income Securities Fund

("TIME:Defensive Income Securities", or the "Fund")

The aim of TIME:Defensive Income Securities is to achieve a consistent income return with capital growth in the long term.

Key achievements

- TIME:Defensive Income Securities acquired a diversified, yet balanced portfolio of UK listed shares in real asset owning companies valued at £30.8 million at 31 March 2019.
- TIME:Defensive Income Securities has generated a total return for the period from 3 April 2018 to 31 March 2019 of £4.5 million which includes £1.9 million of income received from its investments.
- TIME:Defensive Income Securities has generated a total return for investors inclusive of income and capital gains of 14.18%* of net assets. This includes income distributed for the period of 5.68% of which 1.60% was distributed in July 2018, 1.46% in October 2018, 1.27% in January 2019 and 1.35% in April 2019. The income for this period exceeded the fund's target income return of 5% per annum.

* Representative for a Class Accumulation shareholder or a Class Income shareholder with distributions reinvested.

** Income return is calculated from the net asset value of Class Accumulation shares at the start of the period.

*** Capital return is calculated as the total return less the income return.

14.18%

Total return
for the period*

5.68%

Income return
for the period**

8.50%

Capital return for
the period***

About Alpha and TIME Investments



The Alpha group has over £3 billion in assets under management, has a strong balance sheet and has no borrowings.



The Authorised Corporate Director (the "ACD") and Alternative Investment Fund Manager ("AIFM") is Alpha Real Capital LLP ("Alpha"), a Financial Conduct Authority ("FCA") regulated co-investing institutional investment manager, with over £3 billion in assets under management. Established in 2005, Alpha is owned by its partners and has offices in Central London and in Europe. Alpha Real Property Investment Advisers LLP, trading as TIME Investments, a subsidiary of Alpha, is the Investment Manager of TIME:Defensive Income Securities and provides administrative and transfer agency services. TIME Investments is regulated by the FCA.

TIME Investments has over 70 staff and forms the financial adviser facing arm of Alpha. In addition to its role as Investment Manager of TIME:Defensive Income Securities, it is also the Investment Manager of the Freehold Income Authorised Fund ("TIME:Freehold"), Commercial Long Income PAIF ("TIME:Commercial Long Income") and Social Long Income PAIF ("TIME:Social Long Income"). The team also runs two capital preservation focused Inheritance Tax ("IHT") mitigation services, TIME:Advance and TIME:CTC (Corporate Trading Companies); the latter having a 23 year track record of successfully achieving 100% relief from IHT for qualifying investors. TIME Investments also runs a unique growth focused IHT mitigation service, TIME:AIM, which invests in a portfolio of Alternative Investment Market ("AIM") shares.

In November 2018 TIME Investments was awarded the winner of 'Best Business Relief Manager' at the Growth Investor Awards. TIME Investments was also awarded the winner of the prestigious "Best IHT Portfolio Services" category at the Investment Week's Tax Efficiency Awards 2017/18. TIME Investments also won 'Service Beyond The Call of Duty' at the Moneyfacts Life & Pension awards 2018/19 and TIME:Commercial Freehold was named the winner in the Property & Real Estate category at the Investment Week's Specialist Investment Awards 2018.

Against the backdrop of a challenging economic and political climate, many investors and advisers are understandably interested in the financial strength of the businesses they choose to entrust with their investments. With this in mind, it should be reassuring to note that the Alpha group has a strong balance sheet, has no borrowings and has been a profitable business every year since inception in 2005.

Authorised Corporate Director's report

We are pleased to present the audited annual report and financial statements of Defensive Income Securities Fund ("TIME:Defensive Income Securities"), a sub-fund of ARC TIME:Funds (the "Company") for the period 3 April 2018 to 31 March 2019. This report is available on the Investment Manager's website www.time-investments.com/disf or is available from the Investment Manager on request by emailing: enquiries@time-investments.com.

Statement of authorised status of the scheme

TIME:Defensive Income Securities is a sub-fund of an umbrella Open Ended Investment Company ("OEIC"), ARC TIME:Funds, and was launched on 3 April 2018. The Company is authorised by the FCA as a Non-UCITS Retail Scheme ("NURS").

Full Company details and its key service providers are provided on page 28.

Statement concerning the debts of TIME:Defensive Income Securities

Investors are not liable for the debts of TIME:Defensive Income Securities.

Investment Objective and Investment Policy

Investment Objective

The aim of TIME:Defensive Income Securities is to achieve a consistent income return with capital growth in the long term. There is no guarantee that a consistent income return will be achieved and your capital is at risk.

Investment Policy

TIME:Defensive Income Securities investment policy is of a defensive nature reflecting investment in securities primarily with asset backing (such as securities of property or infrastructure companies) and whose security prices generally offer lower price volatility than the market as a whole. The securities shall also have a track record of consistent income distribution.

In accordance with this, TIME:Defensive Income Securities will seek to achieve its objective by investing in a diversified portfolio of income paying securities, these primarily being the shares of, and corporate bonds issued by UK listed real estate companies, infrastructure companies, energy companies, specialist financing companies and real estate investment trusts ('REITs') as well as other types of transferable securities (such as corporate bonds and secured notes, sovereign bonds and shares in investment trusts).

Exposure to these securities may additionally be achieved indirectly through investing in collective investment schemes (which can include open-ended investment companies, SICAVs and exchange traded funds) which themselves invest in shares and corporate bonds of these companies.

The Fund may also invest in the shares and corporate bonds of non-UK listed companies of similar types, money market instruments, cash, near cash and deposits.

The ACD will not invest more than 10% of the Net Asset Value in collective investment schemes.

The Fund may also utilise derivatives for efficient portfolio management.

Management of TIME:Defensive Income Securities

NatWest Trustee and Depositary Services Limited acts as the Depositary of TIME:Defensive Income Securities, with the role of Custodian delegated to The Northern Trust Company. Alpha is the ACD and AIFM of TIME:Defensive Income Securities and TIME Investments acts as Investment Manager, Administrator and Transfer Agent.

Change of Depositary

In order to comply with EU ring-fencing regulations within the banking sector, on 1 November 2018 the Depositary of the Company changed from National Westminster Bank Plc to NatWest Trustee and Depositary Services Limited (an associated company within the RBS/NatWest banking group). The new Depositary is authorised by the FCA and acts on the same basis as the outgoing Depositary.

Changes to the Instrument and Prospectus of ARC TIME:Funds

In the period since publication on 30 November 2018 of the half year report to 30 September 2018, the following are the significant or notifiable changes for Shareholders:

Changes to the Instrument of ARC TIME:Funds

- The investment restriction to the investment policy for the Defensive Income Securities Fund has been amended from a limitation of investment into collective investment schemes from 15% of Net Asset Value to 10%. This change is significant and effective after 60 days after the date of these annual accounts;

Changes to the Prospectus of ARC TIME:Funds

Significant changes – effective 60 days after the date of these financial statements:

- As noted above for the changes to the Instrument, the restriction to the investment policy of Defensive Income Securities Fund whereby the fund may only invest up to 15% in collective investment schemes has been amended to 10%.

Notifiable changes – effective immediately:

- The Authorised Corporate Director has appointed Hugo James, a partner of Alpha Real Capital LLP, to be an additional member of the executive committee of the Authorised Corporate Director. His appointment was effective from 1 April 2019.

INFRASTRUCTURE

HICL INFRASTRUCTURE



HICL Infrastructure Company Limited (HICL) is a long-term equity investor in infrastructure.

HICL's main objective for shareholders is to deliver predictable, sustainable dividends from the stable, inflation-correlated cashflows of underlying infrastructure projects. The portfolio comprises more than 100 investments and is valued at over £2 billion. Projects span a range of sectors including education, health and transport, in the UK and overseas.

Example project:

A249 Road, UK

Erection of the 5km A249 Iwade Bypass and new high-level fixed-link crossing of The Swale, to improve access and journey times to the Isle of Sheppey. This project extends the existing dual carriageway road northwards to Queenborough.

RENEWABLE ENERGY

BLUEFIELD



Bluefield invests in a diversified portfolio of UK solar-energy assets, focusing on utility-scale assets and portfolios. Long-life solar-energy infrastructure is expected to generate stable, renewable energy over a 25-year period.

Example project:

Elms, Oxfordshire

Elms, Oxfordshire was acquired in February 2015, and involved a total commitment of £32.8 million from the Bluefield Solar Income Fund.

Elms is expected to save nearly 12,450 tonnes of CO₂ annually, and provide green electricity for approximately 8,770 homes every year.

Authorised Corporate Director's report (continued)

Brexit risk assessment

The Fund seeks to deliver a consistent income return, from a lower volatility (than the stock market) portfolio of UK listed securities of real asset owning companies. However the Fund is exposed to the effect of a downturn in the market or a recession in the wider economy caused by the adverse effects of Brexit. Although the securities held by the Fund are in companies who hold the majority of their assets in the UK, the adverse effects of Brexit may result in greater volatility and/or market fluctuations in the value of securities or their trading liquidity. These potential adverse effects cannot be measured with any certainty.

Remuneration of AIFM

The provisions of the Alternative Investment Fund Managers Directive ("AIFMD") took effect in full on 22 July 2014. That legislation requires the ACD (the "AIFM"), and its regulated delegates, to establish and maintain remuneration policies for its staff which are consistent with and promote sound and effective risk management. Alpha, as AIFM, has delegated investment management to a subsidiary company, TIME Investments. The Alpha group approach to measuring performance is based on both financial and non-financial performance. Financial performance is viewed by the Executive Committee (who are involved in the day to day operation of the business) in its widest sense and takes into account the specific features of the types of activities carried out and so reflect volatility and cycles and avoids rewarding artificial or exaggerated short term performance. Under the Remuneration Code, the AIFM is classified as a Level Three firm, which allows Alpha to dis-apply many of the technical requirements of the Code and proportionately apply the Code's rules and principles in establishing Alpha's policy.

Alpha Real Capital LLP

31 July 2019

RENEWABLE ENERGY / INFRASTRUCTURE

3I INFRASTRUCTURE PLC



3i Infrastructure invests across mid-market economic infrastructure and greenfield projects in developed markets, particularly in the UK and Europe.

Example project:

Infinis

Infinis is the largest generator of electricity from landfill gas (LFG) in the UK, with a portfolio of 121 landfill sites and total installed capacity of over 300MW. Using LFG to generate power not only lessens the global warming effect of methane emissions, but also provides an efficient, secure source of energy for local communities.

REITS / PROPERTY INVESTMENTS

BIG YELLOW GROUP



Big Yellow Group is one of the UK's market-leading specialist self-storage REITs, with a focus on occupancy, revenue and cash flow driving sustainable dividend growth.

It's made up of approximately 96 stores, mainly freehold, spanning 5.6 million square feet, (that's an average of 62,000 square feet per store). Big Yellow had £116.7 million annual revenue to 31/03/2018.

Investment Manager's report

TIME:Defensive Income Securities summary

TIME:Defensive Income Securities offers investors a choice of income shares, which pays a quarterly income distribution (in January, April, July and October) and accumulation shares, where the income is automatically reinvested, thereby enhancing the value of those shares.

Shares in the Fund are, and are expected to continue to be, widely available. The intended categories of investors are retail investors, offshore investors, ISA eligible investors and institutional investors. Each share class has the same rights on wind-up.

Each share class has the same voting rights. For more information about voting rights please refer to Section 39 of the Company's Prospectus, which is available on the Investment Manager's website www.time-investments.com/defensive or is available from the Investment Manager on request by emailing enquiries@time-investments.com.

Dilution levy

The actual cost of purchasing, selling or switching assets and investments in TIME:Defensive Income Securities may deviate from the value used in calculating its share price, due to dealing charges, taxes, and any spread between buying and selling prices of the Fund's underlying investments. These costs could have an adverse effect on the value, known as "dilution". In order to mitigate the effect of dilution, the Administrator, on behalf of the ACD, may impose a charge on the purchase or sale of shares in each relevant share class.

This rate will vary to reflect actual or expected transaction costs, fiscal policy changes or other costs associated with the underlying investments of the Fund. Such fees shall be retained by the Fund. Such fees, chargeable at the discretion of the Administrator, on behalf of the ACD, would only be payable if the specific subscription or redemption is likely to lead to transaction costs being incurred. It is not possible to predict accurately whether dilution is likely to occur. The Administrator will act in the best interests of all shareholders.

Investors can participate in the Fund through its two share classes. Their characteristics are set out below.

Accumulation and Income Share Classes:	
ACCUMULATION	INCOME
Class Accumulation Shares	Class Income Shares
Shares in respect of which income is automatically reinvested.	Shares in respect of which net income is distributed.
Initial fee: Up to 1% of subscription amount	Initial fee: Up to 1% of subscription amount
Minimum subscription: £5,000	Minimum subscription: £5,000

Dealing in TIME:Defensive Income Securities

The dealing day for the issue of shares in TIME:Defensive Income Securities is 10am daily on each business day.

The cut off point for receipt of subscriptions is 10am on each business day. Settlement is due by 5pm on the third business day after the relevant dealing day.

Notices for the redemption are required to be delivered no later than 10am on each business day. Further details on the value of shares in TIME:Defensive Income Securities can be found on the website www.time-investments.com/defensive or by calling the Investment Manager on 0345 600 1213 or by email at enquiries@time-investments.com.

Performance review

TIME:Defensive Income Securities has been launched in response to investors' continued search for investment solutions that deliver a consistent income, with a degree of inflation protection, but with a lower level of price volatility.

The Fund seeks to deliver a 5% annual income, with long-term capital growth through a diversified, yet balanced portfolio of shares of UK-listed real asset owning companies.

The Fund generated a return before distributions of £4.5 million for the period 3 April 2018 to 31 March 2019. This represents a total return for the period of 14.18% (for a Class Accumulation shareholder). This includes an income distribution for the period of 5.68% of which 1.60% was distributed in July 2018, 1.46% in October 2018, 1.27% in January 2019 and 1.35% in April 2019.

REITS / PROPERTY INVESTMENTS

LANDSEC



Land Securities (Landsec) is the UK's largest commercial property company, with a portfolio of offices, retail and leisure in London, and retail and leisure across the rest of the country.

Landsec's London portfolio has a total floor space of around 6.5 million square feet including West End, City, mid-town and inner-London offices, and central London shops. Landsec's retail portfolio includes the Bluewater shopping centre in Kent and Gunwharf Quays, Portsmouth.

SECURED LENDING

GCP INFRASTRUCTURE INVESTMENT



GCP Infrastructure Investment Limited (GCP Infra) aims to provide shareholders with regular, sustained, long-term distributions and to preserve capital over the long-term by generating exposure to UK infrastructure debt and related assets.

GCP Infra mainly targets investments in infrastructure projects, with long-term, public sector-backed, availability-based revenues. Where possible, investments are structured to benefit from partial inflation protection.

Investment Manager's report (continued)

Investment review

As at 31 March 2019, TIME:Defensive Income Securities' portfolio consisted of 20 holdings valued at £30.8 million.

The Fund uses our unique 'smart beta' approach which is designed to offer lower volatility returns and brings a fresh approach to income investing. It's 'smart' because we use an innovative, defensive market screening process and it's 'passive' because we remove stock picker bias and ignore market sentiment.

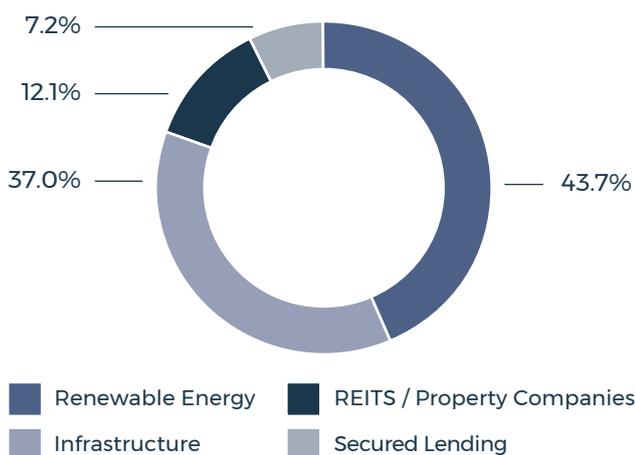
This approach uses a combination of financial, commercial and performance criteria to select robust qualifying businesses.

By selecting only liquid, asset-backed companies with attractive yield pay-outs and through our periodic rebalancing of the asset class weightings, this ensures that the Fund continues to include the most appropriate companies with a balanced weighting for each holding that will be acquired on a 'buy and hold' basis. The Fund also seeks to reduce the volatility usually associated with listed shares and the UK equity income market.

It is our opinion that the 'smart beta' approach provides a robust investment strategy which will seek to deliver income with attractive risk-adjusted returns to Investors and should not be affected by human factors, such as the departure of a key fund manager and stock picker bias.

The Fund will continue to use its unique 'smart beta' approach when selecting investments for its portfolio. The Fund for the short term will continue to invest in the current investments within its portfolio.

Portfolio sector split



Liquidity management

All the assets of TIME:Defensive Income Securities are considered to be liquid as they comprise of either cash or readily realisable investments.

On 3 April 2018, the Fund purchased the portfolio of securities via an in specie transfer at market value from TIME:Freehold (an associated sub-fund of ARCTIME:Funds). The securities, being listed, can be sold within a short period of time to provide liquidity if required. The Fund seeks to deliver a 5% annual income with long term capital growth through a diversified portfolio of shares of UK listed real asset owning companies, such as infrastructure, renewable energy and property companies. The stocks selected are believed to deliver a consistent income with a degree of inflation protection but with a lower level of price volatility than the markets as a whole.

The actual cost of purchasing, selling or switching assets and investments in the Fund may deviate from the value used in calculating its share price, due to dealing charges, taxes, and any spread between buying and selling prices of the Fund's underlying investments. These costs could have an adverse effect on the value, known as "dilution". In order to mitigate the effect of dilution, the Administrator, on behalf of the ACD, may impose a charge on the purchase or sale of shares in each relevant share class.

This rate will vary to reflect actual or expected transaction costs, fiscal policy changes or other costs associated with the underlying investments of the Fund. Such fees shall be retained by the Fund. Such fees, chargeable at the discretion of the Administrator, on behalf of the ACD, would only be payable if the specific subscription or redemption is likely to lead to transaction costs being incurred. It is not possible to predict accurately whether dilution is likely to occur. The Administrator will act in the best interests of all shareholders.

The Fund had cash reserves of £1.3 million as at 31 March 2019.

Stephen Daniels for TIME Investments
Investment Manager

31 July 2019

Statement of Authorised Corporate Director's responsibilities

in relation to the financial statements of TIME:Defensive Income Securities

The Open-Ended Investments Companies Regulations 2001 and the Financial Conduct Authority Collective Investment Schemes Sourcebook ("the Sourcebook") require the Authorised Corporate Director to prepare financial statements for each accounting period which give a true and fair view of the financial position of TIME:Defensive Income Securities for the period. The financial statements are prepared on the basis that TIME:Defensive Income Securities will continue in operation unless it is inappropriate to assume this. In preparing the financial statements the Authorised Corporate Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014;
- comply with the disclosure requirements of the Prospectus;
- comply with FRS 102 'The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland' (FRS 102) and follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements; and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

The Authorised Corporate Director is responsible for the management of TIME:Defensive Income Securities in accordance with the Prospectus.

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued by and amended by the Financial Conduct Authority. In accordance with the requirements of the Sourcebook, the report and financial statements are approved on behalf of the Partners of Alpha Real Capital LLP, the Authorised Corporate Director.

Alpha Real Capital LLP

31 July 2019

Statement of Depositary's responsibilities

The Depositary must ensure that TIME:Defensive Income Securities is managed in accordance with the Financial Conduct Authority's ("FCA") Collective Investment Scheme Sourcebook, the Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations"), as amended, the Financial Services and Market's Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of TIME:Defensive Income Securities and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of TIME:Defensive Income Securities in accordance with the Regulations.

The Depositary must ensure that:

- TIME:Defensive Income Securities' cash flows are properly monitored and that cash of TIME:Defensive Income Securities is booked into cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of securities of TIME:Defensive Income Securities are calculated in accordance with the Regulations;
- any consideration relating to transactions in TIME:Defensive Income Securities assets is remitted to TIME:Defensive Income Securities within the usual time limits;
- TIME:Defensive Income Securities income is applied in accordance with the Regulations; and
- the instructions of the AIFM are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that TIME:Defensive Income Securities is managed in accordance with the Scheme documents and the Regulations in relation to the investment and borrowing powers applicable to TIME:Defensive Income Securities.

Report of the Depositary to the shareholders of TIME:Defensive Income Securities, a sub-fund of ARC TIME:Funds

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of TIME:Defensive Income Securities, it is our opinion, based on the information available to us and the explanations provided, that in all material respects TIME:Defensive Income Securities, acting through its AIFM:

- has carried out the issue, sale, redemption and cancellation, and calculation of the price of TIME:Defensive Income Securities' shares and the application of TIME:Defensive Income Securities' income in accordance with the Regulations and the Scheme documents of TIME:Defensive Income Securities, and
- has observed the investment and borrowing powers and restrictions applicable to TIME:Defensive Income Securities.

NatWest Trustee and Depositary Services Limited

31 July 2019

Independent auditor's report

to the shareholders of Defensive Income Securities Fund

Opinion

We have audited the financial statements of Defensive Income Securities Fund ("TIME:Defensive Income Securities") for the period to 31 March 2019 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders', the Balance Sheet, the Statement of Cash Flows and related notes including the Distribution Table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice "Financial Statements of Authorised Funds" issued by the Investment Association (the "Statement of Recommended Practice for Authorised Funds"), the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

In our opinion, the financial statements:

- give a true and fair view of the state of TIME:Defensive Income Securities' affairs as at 31 March 2019 and of the net revenue and the net capital gain of the scheme property of TIME:Defensive Income Securities for the period then ended; and
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of TIME:Defensive Income Securities in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to United Kingdom exiting the European Union on our audit

The Authorised Corporate Directors' view on the impact of Brexit is disclosed on page 5.

The terms on which the United Kingdom may withdraw from the European Union are not clear and it is therefore not currently possible to evaluate all the potential implications to TIME:Defensive Income Securities' trade, customers and the wider economy.

We considered the impact of Brexit on TIME:Defensive Income Securities as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with TIME:Defensive Income Securities' future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for TIME:Defensive Income Securities and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about TIME:Defensive Income Securities' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Authorised Corporate Director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report (continued)

Opinions on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Authorised Corporate Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Authorised Corporate Director has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of TIME:Defensive Income Securities and its environment obtained in the course of the audit, we have not identified material misstatements in the Authorised Corporate Director's report.

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all relevant information and explanations we require for our audit.

Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of Authorised Corporate Director's responsibilities set out on page 10, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the fund's members of TIME:Defensive Income Securities as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the members of TIME:Defensive Income Securities those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than TIME:Defensive Income Securities and TIME:Defensive Income Securities' members as a body for our audit work, for this report, or for the opinions we have formed.

Stephen Eames (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditors
The Pinnacle
160 Midsummer Boulevard
Milton Keynes MK9 1FF

31 July 2019

The financial statements are published at: www.time-investments.com. The maintenance and integrity of the website is the responsibility of the Investment Manager under its delegation from the Authorised Corporate Director. The work carried out by the independent auditors does not involve consideration of these matters, and accordingly, the independent auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Net Asset Value per share, Performance Record, Ongoing Charge

Net Asset Value

31 March 2019	Net Asset Value £'000	Net Asset Value per share £	Number of shares in issue
Class Accumulation	896	1.1418	785,020.58
Class Income	31,206	1.0963	28,464,205.49
	32,102		
Less: Distribution paid in cash to income share class investors post period end	(369)		
Add: Investment valuation difference from intra-day mid to close of business bid price	11		
	31,744		

TIME:Defensive Income Securities was launched on 3 April 2018. The table shows the net asset value per share at the end of the accounting period.

Performance Record

Class Accumulation	Period ended 31 March 2019
CHANGE IN NET ASSET PER SHARE	
Opening net asset value per share	1.0000
Return before operating charges*	0.1495
Operating charges	(0.0077)
Return after operating charges*	0.1418
Closing net asset value per share	1.1418
Retained distributions on accumulation shares	0.0433
* Returns are stated after direct transaction costs of:	0.0013
PERFORMANCE	
Return after charges	14.18%
OTHER INFORMATION	
Closing net asset value (£'000)	896
Closing number of shares	785,020.58
Operating charges	0.72%
Direct transaction costs	0.12%
PRICES	
	1.1516
Highest share price	1.0000
Lowest share price	

Amounts are shown in Sterling (£) unless otherwise stated.

Net Asset Value per share, Performance Record, Ongoing Charge (continued)

Performance Record (continued)

Class Income	Period ended 31 March 2019
CHANGE IN NET ASSET PER SHARE	
Opening net asset value per share	1.0000
Return before operating charges*	0.1468
Operating charges	(0.0077)
Return after operating charges*	0.1391
Distributions on income shares	(0.0428)
Closing net asset value per share	1.0963
* Returns are stated after direct transaction costs of:	0.0013
PERFORMANCE	
Return after charges	13.91%
OTHER INFORMATION	
Closing net asset value (£'000)	31,206
Closing number of shares	28,464,205.49
Operating charges	0.72%
Direct transaction costs	0.12%
PRICES	
Highest share price	1.1058
Lowest share price	1.0000

Amounts are shown in Sterling (£) unless otherwise stated.

Net Asset Value per share, Performance Record, Ongoing Charge (continued)

Ongoing Charge (OC)

31 March 2019
%

Class Accumulation and Income	0.75
-------------------------------	------

The Ongoing Charge (OC) represents the total annualised expenses of TIME:Defensive Income Securities, excluding transaction costs, interest and other finance costs expressed as a percentage of the average net assets during the accounting period.

The OC stated for 31 March 2019 is based on the NAV as at 31 December 2018 in line with what is stated in the Key Investor Information Document.

Risk warning

Shareholders should be aware that there are risks inherent in the holding of investments.

An investment in an open-ended investment company should be regarded as a medium to long term investment.

The Fund seeks to deliver a consistent income return, from a lower volatility (than the stock market) portfolio of UK listed securities of real asset owning companies. However the Fund is exposed to the effect of a downturn in the market or a recession in the wider economy caused by the adverse effects of Brexit. Although the securities held by the Fund are in companies who hold the majority of their assets in the UK, the adverse effects of Brexit may result in greater volatility and/or market fluctuations in the value of securities or their trading liquidity. These potential adverse effects cannot be measured with any certainty.

Shareholders should be aware that the price of shares and the income from them can fall as well as rise and shareholders may not receive back the full amount invested.

Past performance is not a guide to future performance.

For further risk information please see the Company's Prospectus.

Portfolio Statement

As at 31 March 2019	Market valuation £'000	Total net assets %
3i Infrastructure Plc (868,211 shares)	2,391	7.53%
Greencoat UK Wind Plc (1,722,807 shares)	2,374	7.48%
Nextenergy Solar Fund Limited (1,992,819 shares)	2,342	7.38%
The Renewables Infrastructure Group Limited (1,956,610 shares)	2,305	7.26%
Bluefield Solar Income Fund Limited (1,733,200 shares)	2,270	7.15%
Foresight Solar Fund Limited (1,964,051 shares)	2,259	7.12%
John Laing Environmental Assets Group Limited (2,059,409 shares)	2,276	7.17%
Starwood European Real Estate Finance Limited (2,083,086 shares)	2,187	6.89%
BBGI SICAV S.A. (1,438,589 shares)	2,187	6.89%
International Public Partnership Limited (1,390,217 shares)	2,121	6.68%
GCP Infrastructure Investments Limited (1,662,123 shares)	2,098	6.61%
HICL Infrastructure Company Limited (1,330,394 shares)	2,074	6.53%
Standard Life Investments Property Income Trust Limited (587,248 shares)	529	1.67%
Big Yellow Group Plc (52,598 shares)	522	1.64%
Land Securities Group Plc (56,436 shares)	515	1.62%
British Land Company Plc (85,984 shares)	506	1.59%
Tritax Big Box REIT Plc (344,661 shares)	495	1.56%
Custodian REIT Plc (406,210 shares)	451	1.42%
UK Commercial Property Trust Limited (517,381 shares)	443	1.40%
F&C Commercial Property Trust Limited (345,654 shares)	413	1.30%
Total investments	30,758	96.89%
Cash	1,285	4.05%
Net other assets	(299)	(0.94%)
Total net assets as at 31 March 2019	31,744	100.00%

Statement of total return

For the period to 31 March 2019

	Note	Period ended 31 March 2019 £'000	Period ended 31 March 2019 £'000
INCOME			
Net capital gains	6		2,845
Revenue	7	1,897	
Expenses	8	(256)	
Net revenue before taxation		1,641	
Taxation	9	(6)	
Net revenue after taxation			1,635
Total return before distributions			4,480
Distributions	10		(1,822)
Change in net assets attributable to shareholders from investment activities			2,658

There are no recognised gains or losses other than those declared in the Statement of Total Return.

Statement of change in net assets attributable to shareholders

For the period to 31 March 2019

	Period ended 31 March 2019 £'000	Period ended 31 March 2019 £'000
Opening net assets attributable to shareholders		-
Amounts receivable on creation of shares	34,855	
Amounts payable on cancellation of shares	(6,890)	
		27,965
Income accumulated into capital		1,046
Dilution levy		75
Change in net assets attributable to shareholders from investment activities		2,658
Closing net assets attributable to shareholders		31,744

Balance sheet

As at 31 March 2019

	Note	31 March 2019 £'000	31 March 2019 £'000
ASSETS			
Investments	12		30,758
			30,758
Debtors	13	118	
Cash at bank		1,285	
Total other assets			1,403
Total assets			32,161
LIABILITIES			
Creditors	14	(417)	
Total liabilities			(417)
Net assets attributable to shareholders			31,744

Authorised for issue and signed on behalf of the Authorised Corporate Director on 31 July 2019.

Alpha Real Capital LLP

Statement of cash flows

For the period to 31 March 2019

Period ended
31 March 2019
£'000

CASH FLOWS FROM OPERATING ACTIVITIES	
Total return	4,480
Adjustments for:	
Net capital gains	(2,845)
Distributions received from investments	(1,897)
Taxation	6
Increase in creditors	42
Cash from operations	(214)
Taxation paid	-
Net cash flow from operating activities	(214)
CASH FLOW FROM INVESTING ACTIVITIES	
Disposal proceeds from investments	7,204
Purchase of investments	(1,447)
Transaction costs on purchase of investments	(42)
Distributions received from investments	1,835
Net cash flow from investing activities	7,550
CASH FLOW FROM FINANCING ACTIVITIES	
Creation of shares	1,171
Cancellation of shares	(6,890)
Dilution levy charge on creation/cancellation of shares	75
Net equalisation received	7
Distributions paid	(414)
Net cash flow from financing activities	(6,051)
Net increase in cash	1,285
Cash at the beginning of the period	-
Cash at the end of the period	1,285

Notes to the financial statements

For the period to 31 March 2019

1. Accounting policies

The principal accounting policies are summarised below.

(a) General information

The principal activity of TIME:Defensive Income Securities is to achieve a consistent income return with capital growth in the long term. TIME:Defensive Income Securities is a sub-fund of an umbrella OEIC, ARC TIME:Funds, which was incorporated in the United Kingdom on 3 April 2018. The Company is authorised by the FCA as a NURS. The principal place of business is the office of the ACD.

(b) Functional and presentational currency

These financial statements have been presented in Sterling as this is TIME:Defensive Income Securities functional currency, being the primary currency in which TIME:Defensive Income Securities operates. The amounts presented in these financial statements have been rounded to the nearest thousand.

(c) Basis of preparation

The financial statements are the first compliant accounts since incorporation and have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, and the Financial Conduct Authority's Collective Investment Scheme Source Book (COLL). These financial statements have been prepared under the historical costs convention, as modified for the fair value of investment properties and certain financial instruments.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the ACD to exercise judgement in applying the accounting policies (see note 4).

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

(d) Recognition of revenue

Investment income is recognised when the shares are first quoted on an ex-dividend basis.

Coupons from debt securities is recognised on an accrual basis.

(e) Interest receivable

Interest income is accounted for on a receivable basis.

(f) Financial Instruments

Investments in listed securities are initially measured at cost (which is equal to fair value at inception). Listed securities are subsequently measured at bid price or at fair value as permitted by the Prospectus under Fair Value Pricing. Investments in listed securities are valued at their fair value as at 31 March 2019. Realised and unrealised gains and losses on investments are included in the Statement of Total Return.

Any dividend or distribution income received during the investment holding period is recognised as income in the income account.

Financial assets, being cash and debtors, which are receivable within one year are recorded at transaction price. Any losses arising from impairments are recognised in the statement of total return.

Financial liabilities, being other creditors and distributions payable to investors, which are payable within one year are recorded at transaction price. Any losses arising from impairments are recognised in the statement of total return.

(g) Taxation

TIME:Defensive Income Securities will allocate its net distributable income as dividend distributions (or accumulations in the case of Accumulation Shares). No tax is deducted from dividend distributions.

(h) Treatment of expenses

Expenses are recognised on an accruals basis.

2. Distribution policy

(a) Basis of distribution

Income is generated by TIME:Defensive Income Securities investments during each accounting period. Distributions of income are made in respect of the income available for distribution in each accounting period. Distributions which have remained unclaimed for a period of six years after it has become due will be forfeited and will revert to TIME:Defensive Income Securities. Distributions are based on each sub-fund's individual net revenue after taxation.

(b) Apportionment to multiple share classes

The allocation of revenue and expenses to each share class is based on the proportion of TIME:Defensive Income Securities assets attributable to each share class on the day the revenue is earned or the expense is suffered.

Notes to the financial statements (continued)

For the period to 31 March 2019

2. Distribution policy (continued)

(c) Expenses

In determining the amount available for distribution in any accounting period, the aggregate of the income received or receivable by TIME:Defensive Income Securities for the accounting period is taken and any charges and expenses paid or payable out of income in respect of that accounting period are deducted. The ACD then makes such other adjustments as it considers appropriate in relation to taxation, income equalisation, income unlikely to be received within twelve months following the relevant income allocation date, transfers between the income and capital account and any other adjustments which the ACD considers appropriate after consulting the auditors and the Depositary. This treatment will increase the amount of income (which may be taxable) available for distribution to shareholders in TIME:Defensive Income Securities but may constrain capital growth.

3. Equalisation

Equalisation applies to shares subscribed or redeemed during the period. It is the amount of revenue included in the price of shares subscribed or redeemed.

Equalisation may be refunded on distribution or accumulated at the time of distribution. Shareholders are not liable to income tax on equalisation distributed as it is a return of capital and therefore must be deducted from the cost of shares for capital gains tax purposes.

4. Judgements in applying accounting policies and key estimation uncertainty

In applying TIME:Defensive Income Securities accounting policies, the ACD is required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The ACD's judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the fund's accounting policies

The critical judgements that the ACD has made in the process of applying TIME:Defensive Income Securities accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the ACD has considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key sources of estimation uncertainty, that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Valuation of investment holdings

TIME:Defensive Income Securities investments are held at market value or fair value. The value of these investments may fluctuate depending on market conditions. The value of the holdings could vary within the next financial year, making this an area of estimation uncertainty.

5. Risk management policies

The ACD is responsible for establishing, implementing and maintaining an adequate and documented risk management policy for identifying, measuring and managing all risks to which TIME:Defensive Income Securities is or might be exposed.

TIME:Defensive Income Securities investment activities expose it to various types of risk which are associated with the types of investments it holds and the markets in which it invests; market risk, credit risk and liquidity risk.

The following risk management policies are applicable to TIME:Defensive Income Securities.

(a) Market risk and valuations of investments

The exposure to market risk arising from the prevailing general economic conditions and market sentiment, may affect the balance sheet and total return of TIME:Defensive Income Securities.

Equity prices and returns from investing in equity markets are sensitive to various factors including but not limited to expectations of future dividends and profits, economic growth, exchange rates, interest rates and inflation.

TIME:Defensive Income Securities share price may be volatile due to movements in the prices of the underlying equity and fixed interest security holdings.

Notes to the financial statements (continued)

For the period to 31 March 2019

5. Risk management policies (continued)

TIME:Defensive Income Securities may hold securities in infrastructure investments and as a result will be more susceptible to adverse economic or regulatory occurrences affecting that industry.

A five percent increase in the value of TIME:Defensive Income Securities' investment portfolio would have the effect of increasing the return and net assets by £1,542,028. A five percent decrease would have an equal and opposite effect.

In relation to market risk, processes are applied that take account of the investment objective and policy of TIME:Defensive Income Securities. In addition TIME:Defensive Income Securities is monitored for compliance within regulatory limits.

(b) Credit and liquidity risk

Where TIME:Defensive Income Securities is exposed to credit risk, the credit rating, yield and maturity of each interest bearing security is considered to determine if the yield fully reflects the risk. The capital value of interest-bearing securities will fall in the event of the default or perceived increased credit risk of an issuer.

The capital value of interest-bearing securities may also be affected by interest rate fluctuations such that when interest rates rise, the capital value of the interest-bearing securities is likely to fall and vice versa. Inflation will also decrease the real value of capital. Currently TIME:Defensive Income Securities does not hold any interest bearing securities.

TIME:Defensive Income Securities liquidity is reviewed at each dealing point. The securities are UK listed and therefore can be redeemed to meet redemption requirements.

(c) Currency risk

All financial assets and liabilities of TIME:Defensive Income Securities are in Sterling, and TIME:Defensive Income Securities has no exposure to currency risk at the balance sheet date.

(d) Interest rate risk

TIME:Defensive Income Securities held £1.3 million cash at the end of the period. The ACD considers the impact of a change in rate as immaterial.

Due to the nature of infrastructure assets, the impact of interest fluctuations may be greater for infrastructure issuers than for the economy as a whole in the country in which the interest fluctuation occurs.

6. Net capital gain

	Period ended 31 March 2019 £'000	Period ended 31 March 2019 £'000
Proceeds from sale of investments	3,152	
Cost of investments sold	(2,654)	
Realised gains on investments sold during the period		498
Proceeds from sale of investments	4,052	
Cost of investments sold	(4,361)	
Realised loss on investments sold during the period		(309)
Unrealised gains on investments	2,810	
Unrealised loss on investments	(154)	
Total unrealised gains		2,656
Total net capital gains		2,845

7. Revenue

	Period ended 31 March 2019 £'000
Interest income	8
Income from investments	1,889
	1,897

Notes to the financial statements (continued)

For the period to 31 March 2019

8. Expenses

	Period ended 31 March 2019 £'000
Authorised Corporate Director's fee	35
Depositary's fees	17
Custodian's fees	13
Investment Manager's fees	87
Transfer agency fees	26
Administrator fees	52
Data Vendor Fees	2
Collection Agent Fees	2
Audit fee	14
Tax adviser's fee	4
Other professional fees and sundry expenses	4
	256

9. Taxation

TIME:Defensive Income Securities should generally be exempt from UK corporation tax, subject to certain anti-avoidance provisions, on dividends and similar distributions from companies. Any payments it receives from transactions in futures or options contracts are also exempt from tax. TIME:Defensive Income Securities will be subject to corporation tax at a rate equal to the basic rate of income tax, currently 20%, on other types of income but after deducting allowable expenses.

To the extent that TIME:Defensive Income Securities receives income from, or realises gains on, investments issued in foreign countries, it may be subject to withholding tax or other taxation in those jurisdictions.

(a) Current Tax

	Period ended 31 March 2019 £'000
Corporation tax at 20%	6
Tax charge for the period	6

(b) Factors affecting tax charge for the period

	Period ended 31 March 2019 £'000
Net revenue before taxation*	1,641
Less exempt Dividends	(1,612)
Taxable Income	29
Corporation Tax at 20% for the period	6

* Authorised open ended investment companies are exempt from tax on capital gains in the UK and therefore any capital return is not included within the above reconciliation.

Notes to the financial statements (continued)

For the period to 31 March 2019

10. Distribution

	Period ended 31 March 2019 £'000
Class Accumulation	1,444
Class Income	378
Distributions for the period	1,822

The difference between the net revenue after taxation and the distribution for the year is as follows:

Net revenue after taxation	1,635
Taxation on capital items credited	(49)
Expenses allocated to capital for the purpose of distribution calculation:	
Authorised Corporate Director's fee	35
Depositary's fees	17
Custodian's fees	13
Investment Manager's fees	87
Transfer agency fees	26
Administrator fees	52
Data Vendor Fees	2
Collection Agent Fees	2
Other professional fees	2
Net distributions for the period	1,822

Distribution Table (for the period ended 31 March 2019 (in pence per share))

Interim distribution for accounting date 30 June 2018 paid on 31 July 2018.

Interim distribution for accounting date 30 September 2018 paid on 31 October 2018.

Interim distribution for accounting date 31 December 2018 paid on 31 January 2019.

Final distribution for accounting date 31 March 2019 paid on 30 April 2019.

	Gross Revenue	Income Tax	Net Revenue	Distribution Paid 30/04/2019	Distribution Paid 31/01/2019	Distribution Paid 31/10/2018	Distribution Paid 31/07/2018
	p	p	p	p	p	p	p
Class Accumulation	5.68	-	5.68	1.35	1.27	1.46	1.60
Class Income	5.58	-	5.58	1.30	1.24	1.44	1.60

The amount of income equalisation that is returned to investors with the distribution payment is the actual amount of income included in the issue price at the time of purchase.

Notes to the financial statements (continued)

For the period to 31 March 2019

11. Administrative expenses

(a) Authorised Corporate Director fees

A fee of 0.10% of NAV per annum is payable to the ACD (calculated and paid monthly in arrears).

(b) Depositary fees

The Depositary receives a fee at the rate of 0.04% per annum on the first £50 million of NAV, 0.03% per annum on the next £50 million of NAV and 0.025% per annum on the balance of the NAV in excess of £100 million, subject to an agreed minimum fee of £10,000 per annum, calculated monthly and paid quarterly in arrears or such other rate or rates as may be agreed in writing between the parties to the Instrument of Incorporation.

(c) Investment Manager fees

A fee of 0.25% of NAV per annum is payable to the Investor Manager (calculated and paid monthly in arrears).

(d) Administrator fees

A fee is payable to the Administrator at the rate of 0.15% of NAV per annum (payable monthly in arrears).

(e) Transfer Agent fees

A fee at the rate of 0.075% of NAV per annum is payable to the Transfer Agent for the provision of transfer agency services.

12. Investments

	Cost £'000	Net unrealised appreciation £'000	Net book value £'000	%*
As at 3 April 2018	-	-	-	
Cost of investment additions	35,076	-	35,076	
Transaction costs				
Stamp duty	38	-	38	0.11%
Broker commission	4	-	4	0.01%
Total transaction costs	42	-	42	0.12%
Total cost of investment additions after transaction costs	35,118	-	35,118	
Disposals (note 6)	(7,016)	-	(7,016)	
Net increase in unrealised gain (note 6)	-	2,656	2,656	
As at 31 March 2019	28,102	2,656	30,758	

Please refer to the Portfolio Statement for details of the holdings. All investments are listed on the London Stock Exchange.

Included in the cost of investment additions is an in-specie transfer from TIME:Freehold of £33,628,339.

* This represents the direct transaction costs as a percentage of cost of investment additions.

Portfolio transaction costs vary depending on the types of investment, their market capitalisation and method of execution. They are made up of direct and indirect portfolio transactions costs.

The types of direct portfolio transaction costs incurred are stated in the table above.

To give an indication of the indirect portfolio transactions costs an average portfolio dealing spread is calculated. A 'Dealing spread' is the difference between the buying and selling of TIME:Defensive Income Investments. The average portfolio dealing spread for the above investments is 0.27% for the period ended 31 March 2019.

Notes to the financial statements (continued)

For the period to 31 March 2019

13. Debtors: amounts falling due within one year

	31 March 2019 £'000
Accrued income	62
Other debtors	56
	118

All debtors were received in cash and cleared post year end.

14. Creditors: amounts falling due within one year

	31 March 2019 £'000
Amounts owed to the Custodian	3
Amounts owed to the Depository	4
Amounts owed to the ACD	3
Amounts owed to the Investment Manager	13
Accrued expenses	19
Distributions payable	369
Tax accrual	6
	417

15. Financial Instruments

	31 March 2019 £'000
Investments measured at fair value	30,758
Financial assets measured at transaction price	118
Cash	1,285
Financial liabilities measured at transaction price	411

All investments measured at fair value have been valued using Level 1 inputs of the fair value hierarchy.

16. Leverage

The leverage definition under AIFMD is wider than the traditional gearing definition applied. In accordance with the EU Commission Delegated Regulation (EU) No. 231/13 leverage is any method which increases the Fund's exposure, including borrowing of cash and the use of derivatives. It is expressed as a percentage of the Fund's exposure to its net asset value and is calculated on both a gross and commitment method.

Under the gross method, exposure represents the sum of the Fund's absolute positions after deduction of cash balances and cash equivalents, without taking into account any netting arrangements. Under the commitment method, the exposure is calculated in the same way but takes into account any netting arrangements.

Under AIFMD the gross and commitment ratios calculate zero leverage as being 100% of net assets. TIME:Defensive Income Securities had no borrowing or any derivatives to hedge any risks as at 31 March 2019. Therefore the actual leverage recorded as at 31 March 2019 was 0.98 (or 98.6%) using both the gross and commitment methods reflecting that TIME:Defensive Income Securities had no borrowings.

Notes to the financial statements (continued)

For the period to 31 March 2019

17. Movement in shares

Share Class	Opening number of shares as at 3 April 2018	Shares issued	Shares cancelled	Conversions in	Conversions out	Closing number of shares 31 March 2019
Class Accumulation	-	34,418,833.54	(2,111,890.77)	-	(31,521,922.19)	785,020.58
Class Income	-	708,818.36	(4,689,360.24)	32,444,747.37	-	28,464,205.49

18. Commitments, contingent liabilities and contingent assets

TIME:Defensive Income Securities had no commitments at the balance sheet date.

19. Related parties

The definition of related parties in The Financial Reporting Standard 102, Section 33 'Related Party Disclosures' has been reviewed and based upon this the Depository, ACD, Investment Manager and TIME:Freehold have been identified as related parties as they have the ability to control other parties or exert significant influence over other parties in making financial or operational decisions.

Alpha Real Capital LLP is the ACD of TIME:Defensive Income Securities and thus is considered a related party to TIME:Defensive Income Securities. The ACD acts as principal on all the transaction of shares in the Fund. During the period, including equalisation and the dilution levy, £35.3 million has been received from creations in the fund and £7.3 million paid on cancellations. As at 31 March 2019, £56,661 was outstanding to the Fund on the issue of shares and nil payable from the Fund on redemptions.

The ACD charges fees to TIME:Defensive Income Securities as detailed in note 11(a). ACD fees of £34,709 were charged during the period. As at 31 March 2019, £2,707 was outstanding to the ACD.

NatWest Trustee and Depository Services Limited is the Depository of TIME:Defensive Income Securities and is thus considered a related party of TIME:Defensive Income Securities. Depository fees of £16,660 were charged during the period. As at 31 March 2019, £3,308 was outstanding to the Depository.

TIME Investments is the Investment Manager, Administrator and Transfer Agent of TIME:Defensive Income Securities and is thus considered a related party of TIME:Defensive Income Securities. Total fees of £164,869 were charged during the period. As at 31 March 2019, £12,859 was outstanding to the Investment Manager.

TIME:Freehold Income holds 95% of shareholdings in TIME:Defensive Income and is thus considered a related party. TIME:Freehold acquired shares in TIME:Defensive via an in-specie transfer of £33.6 million on 3 April 2018. During the period TIME:Freehold redeemed a total of £7.2 million. At 31 March 2019, TIME:Freehold held 27.9 million income shares in TIME:Defensive Income Securities, valued at £30.6 million.

20. Post balance sheet events

On 30 April 2019, TIME:Defensive Income Securities paid its quarterly distribution for the period ended 31 March 2019.

Company information and key service providers

Company

ARC TIME:Funds (the "Company")

Registered in England with
Company Number IC000958

Sub-funds

Defensive Income Securities Fund

Freehold Income Authorised Fund

Commercial Freehold Fund

Social Freehold Fund

Registered Office

338 Euston Road
London NW1 3BG

Authorised Corporate Director and Alternative Investment Fund Manager

Alpha Real Capital LLP
338 Euston Road
London NW1 3BG

Authorised and regulated by the
Financial Conduct Authority

The register of TIME:Defensive Income
Securities may be inspected at
this address

Investment Manager, Administrator and Transfer Agent

TIME Investments
338 Euston Road
London NW1 3BG

Authorised and regulated by the
Financial Conduct Authority

Depository

NatWest Trustee and Depository
Services Limited
Floor 2 South
Drummond House
1 Redheughs Avenue
Edinburgh EH12 9RH

Authorised and regulated by the
Financial Conduct Authority

Custodian

The Northern Trust Company
50 Bank Street
Canary Wharf
London E14 5NT

Authorised and regulated by the
Financial Conduct Authority

Independent Auditors

Mazars LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes MK9 1FF

Taxation Advisers

KPMG LLP
15 Canada Square
London E14 5GL

Mazars LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes MK9 1FF

Legal Advisers

Eversheds LLP
1 Wood Street
London EC2V 7WS

Bankers

The Northern Trust Company
50 Bank Street
Canary Wharf
London E14 5NT



TIME Investments
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enquiries@time-investments.com
time-investments.com



Authorised Corporate Director:
Alpha Real Capital LLP

TIME Investments is the trading name of Alpha Real Property Investment Advisers LLP which is registered in England and Wales with company number 0C355196. It is a subsidiary of Alpha Real Capital LLP with company number 0C312705. Both TIME Investments and Alpha Real Capital LLP are authorised and regulated by the Financial Conduct Authority. FCA registration number 534723 and 436048 respectively. July 2019.

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