

# DEFENSIVE INCOME SECURITIES FUND

A fund which seeks to deliver consistent income returns of 5% with long-term capital growth through a portfolio of UK listed renewable energy, infrastructure and property companies.

## HALF YEAR REPORT 2019

Half Year Report and  
Financial Statements  
for the six months to  
30 September 2019

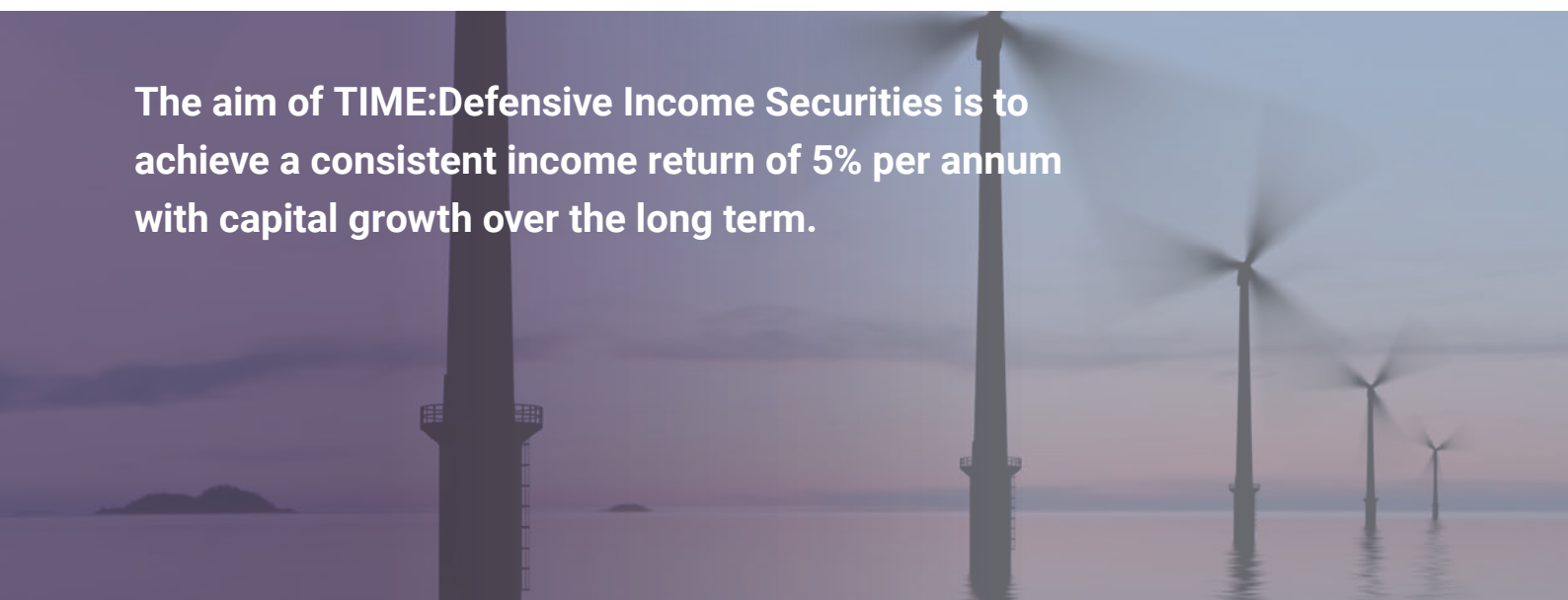
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\* Collectively these comprise the Authorised Corporate Director's report

## 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 of 5% per annum with capital growth over the long term.

### Key achievements

- TIME:Defensive Income Securities is a fund which holds a portfolio of UK listed asset-backed investment companies valued at £39.8 million at 30 September 2019.
- TIME:Defensive Income Securities has generated a total return for the half year to 30 September 2019 of £1.8 million which includes £1.0 million of income received from its investments.
- TIME:Defensive Income Securities has generated a total return during the period of 5.43%, inclusive of income of 2.64% and capital of 2.79%. The annualised income for this period exceeded the fund's target income return of 5% per annum.
- TIME:Defensive Income Securities generated a total performance return\* over the last 12 and 18 months of 9.91% and 20.38% respectively.

\* 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.

**5.43%**

Total return  
for the period\*

**2.64%**

Income return  
for the period\*\*

**2.79%**

Capital return for  
the period\*\*\*

## About Alpha and TIME Investments



The TIME 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 24 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.

TIME Investments was awarded the winner of ‘Best Business Relief Manager’ at the Growth Investor Awards in both 2019 and 2018. 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 Long Income was named the winner in the Property & Real Estate category at the Investment Week’s Specialist Investment Awards in both 2019 and 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 half year report and financial statements of Defensive Income Securities Fund ("TIME:Defensive Income Securities"), a sub-fund of ARC TIME:Funds (the "Company") for the six months to 30 September 2019. This report is available on the Investment Manager's website [www.time-investments.com/disf](http://www.time-investments.com/disf) or is available from the Investment Manager on request by emailing: [enquiries@time-investments.com](mailto: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 20.

## 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. The Fund seeks to achieve an income distribution to shareholders in excess of 5% per annum. 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, the Fund 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, 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 bond 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 the Fund and TIME Investments acts as Investment Manager, Administrator and Transfer Agent.

## Changes to the Instrument and Prospectus of ARC TIME:Funds

### Changes to the Instrument of ARC TIME:Funds

There were no changes to the Instrument in the period.

### Changes to the Prospectus of ARC TIME:Funds

There were no changes to the Prospectus in the period.

## 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 £3 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 CO<sub>2</sub> 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 any adverse effects of Brexit. Although the securities held by the Fund are in companies who hold the majority of their assets in the UK, any 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 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 the AIFM to dis-apply many of the technical requirements of the Code and proportionately apply the Code's rules and principles in establishing the AIFM's policy.

Alpha Real Capital LLP

29 November 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 99 stores, mainly freehold, spanning 5.7 million square feet, (that's an average of 62,000 square feet per store). Big Yellow had £125.4 million annual revenue to 31/03/2019.



# 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/disf](http://www.time-investments.com/disf) or is available from the Investment Manager on request by emailing [enquiries@time-investments.com](mailto: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. The levy shall be retained by the Fund. The levy, 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:	
These share classes are open to all investors. These share classes are Retail Distribution Review (RDR) compliant, with no commission payable to Financial Advisers.	
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 redemptions are required to be delivered no later than 10am on each business day. Further details on the value of shares in the Fund can be found on the website [www.time-investments.com/disf](http://www.time-investments.com/disf) or by calling the Investment Manager on 0345 600 1213 or by email at [enquiries@time-investments.com](mailto:enquiries@time-investments.com).

## Performance review

TIME:Defensive Income Securities was 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 £1.8 million over the six months to 30 September 2019. This represents a total return for the period of 5.43% (for a Class Accumulation shareholder). This includes an income distribution for the period of 2.64% of which 1.31% was distributed in July 2019 and 1.33% in October 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

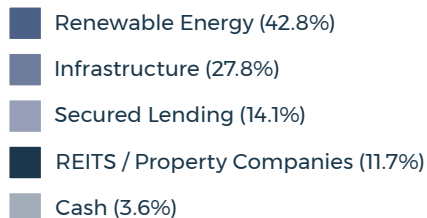
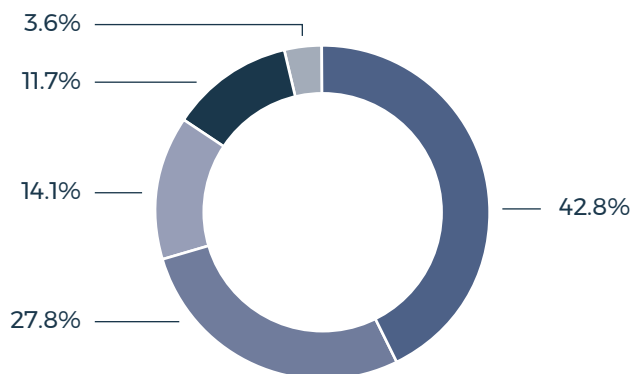
As at 30 September 2019, TIME:Defensive Income Securities' portfolio consisted of 20 holdings valued at £39.8 million.

The Fund is actively managed and utilises a unique and proven quantitative screen to help pick stocks from the predefined investment universe that the manager deems appropriate. Selected stocks will be equally weighted and regularly rebalanced within certain tolerance levels. The manager may limit exposure to selected sectors in order to maintain a well-diversified portfolio across the infrastructure, renewable energy and property sectors.

This approach uses a combination of financial, commercial and performance criteria to select robust asset-backed qualifying companies that are liquid, exhibit low levels of volatility compared to equity markets and have attractive dividend yields. Regular review and rebalancing of the portfolio ensures that the Fund owns a diversified portfolio of the most appropriate companies.

The Fund will continue to aim to own stocks on a 'buy and hold' basis to deliver attractive risk-adjusted returns to Investors.

### 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 wider equity markets.

As stated earlier in this report the Fund may apply a dilution levy on the purchase or sale of shares in each relevant share class. For further details please refer to clause 21.2 of the Prospectus.

The Fund had cash reserves of £1.3 million as at 30 September 2019.

Stephen Daniels for TIME Investments  
Investment Manager

29 November 2019

## Net Asset Value per share, Performance Record, Ongoing Charge

### Net Asset Value

30 September 2019	Net Asset Value £'000	Net Asset Value per share £	Number of shares in issue
Class Accumulation	7,682	1.2038	6,381,747.94
Class Income	33,666	1.1278	29,850,211.78
	<b>41,348</b>		
Less: Distribution paid in cash to income share class investors post period end	(427)		
Add: Investment valuation difference from intra-day mid to close of business bid price	40		
	<b>40,961</b>		

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

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
	<b>32,102</b>		
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		
	<b>31,744</b>		

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

## Performance Record

Class Accumulation	Period ended 30 September 2019	Period ended 31 March 2019
<b>CHANGE IN NET ASSET PER SHARE</b>		
Opening net asset value per share	1.1418	1.0000
Return before operating charges*	0.0665	0.1495
Operating charges	(0.0045)	(0.0077)
Return after operating charges*	0.0620	0.1418
<b>Closing net asset value per share</b>	<b>1.2038</b>	<b>1.1418</b>
Retained distributions on accumulation shares	0.0284	0.0433
* Returns are stated after direct transaction costs of:	0.0011	0.0013
<b>PERFORMANCE</b>		
Return after charges	5.43%	14.18%
<b>OTHER INFORMATION</b>		
Closing net asset value (£'000)	7,682	896
Closing number of shares	6,381,747.94	785,020.58
Operating charges	0.38%	0.72%
Direct transaction costs	0.09%	0.12%
<b>PRICES</b>		
Highest share price	1.2075	1.1516
Lowest share price	1.1457	1.0000

Class Income	Period ended 30 September 2019	Period ended 31 March 2019
<b>CHANGE IN NET ASSET PER SHARE</b>		
Opening net asset value per share	1.0963	1.0000
Return before operating charges*	0.0544	0.1468
Operating charges	0.0042)	(0.0077)
Return after operating charges*	0.0586	0.1391
Distributions on income shares	(0.0271)	(0.0428)
<b>Closing net asset value per share</b>	<b>1.1278</b>	<b>1.0963</b>
* Returns are stated after direct transaction costs of:	0.0010	0.0013
<b>PERFORMANCE</b>		
Return after charges	5.35%	13.91%
<b>OTHER INFORMATION</b>		
Closing net asset value (£'000)	33,666	31,206
Closing number of shares	29,850,211.78	28,464,205.49
Operating charges	0.38%	0.72%
Direct transaction costs	0.09%	0.12%
<b>PRICES</b>		
Highest share price	1.1313	1.1058
Lowest share price	1.0870	1.0000

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

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

## Ongoing Charge (OC)

	30 September 2019 %	31 March 2019 %
Class Accumulation and Income	0.75	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 30 September 2019 and 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 any adverse effects of Brexit. Although the securities held by the Fund are in companies who hold the majority of their assets in the UK, any 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 Prospectus.

# Portfolio Statement

As at 30 September 2019	Market valuation	Total net assets
	£'000	%
Greencoat UK Wind Plc (2,095,685 shares)	3,009	7.35%
Foresight Solar Fund Limited (2,404,482 shares)	2,982	7.28%
HICL Infrastructure Company Limited (1,786,482 shares)	2,969	7.25%
BBGI SICAV S.A. (1,875,050 shares)	2,963	7.23%
Bluefield Solar Income Fund Limited (2,251,982 shares)	2,950	7.20%
GCP Infrastructure Investments Limited (2,324,481 shares)	2,943	7.18%
John Laing Environmental Assets Group Limited (2,496,382 shares)	2,933	7.16%
Starwood European Real Estate Finance Limited (2,875,626 shares)	2,890	7.06%
Nextenergy Solar Fund Limited (2,396,204 shares)	2,887	7.05%
3I Infrastructure Plc (966,932 shares)	2,852	6.96%
The Renewables Infrastructure Group Limited (2,259,834 shares)	2,852	6.96%
International Public Partnership Limited (1,788,614 shares)	2,751	6.72%
British Land Company Plc (113,338 shares)	663	1.62%
F&C Commercial Property Trust Limited (540,909 shares)	631	1.54%
Land Securities Group Plc (73,146 shares)	626	1.53%
Tritax Big Box REIT Plc (411,798 shares)	616	1.50%
Custodian REIT Plc (509,718 shares)	597	1.46%
UK Commercial Property Trust Limited (708,185 shares)	594	1.45%
Standard Life Investments Property Income Trust Limited (654,824 shares)	576	1.41%
Big Yellow Group Plc (52,598 shares)	546	1.32%
<b>Total investments</b>	<b>39,830</b>	<b>97.23%</b>
Cash	1,276	3.12%
Net other assets	(145)	(0.35%)
<b>Total net assets as at 30 September 2019</b>	<b>40,961</b>	<b>100.00%</b>

As at 31 March 2019	Market valuation	Total net assets
	£'000	%
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%
<b>Total investments</b>	<b>30,758</b>	<b>96.89%</b>
Cash	1,285	4.05%
Net other assets	(299)	(0.94%)
<b>Total net assets as at 31 March 2019</b>	<b>31,744</b>	<b>100.00%</b>

## Statement of total return

For the period to 30 September 2019

	Period ended 30 September 2019 £'000	Period ended 30 September 2019 £'000	Period ended 30 September 2018 £'000	Period ended 30 September 2018 £'000
<b>INCOME</b>				
Net capital gains		1,005		2,120
Revenue	957		1,073	
Expenses	(142)		(129)	
<b>Net revenue before taxation</b>	<b>815</b>		<b>944</b>	
Taxation	-		(4)	
<b>Net revenue after taxation</b>		<b>815</b>		<b>940</b>
<b>Total return before distributions</b>		<b>1,820</b>		<b>3,060</b>
Distributions		(932)		(1,036)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>888</b>		<b>2,024</b>

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 30 September 2019

	Period ended 30 September 2019 £'000	Period ended 30 September 2019 £'000	Period ended 31 March 2019 £'000	Period ended 31 March 2019 £'000
Opening net assets attributable to shareholders		31,744		-
Amounts receivable on creation of shares	8,289		34,855	
Amounts payable on cancellation of shares	(160)		(6,890)	
		<b>8,129</b>		<b>27,965</b>
Income accumulated into capital		147		1,046
Dilution levy		53		75
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>888</b>		<b>2,658</b>
<b>Closing net assets attributable to shareholders</b>		<b>40,961</b>		<b>31,744</b>



# Balance sheet

As at 30 September 2019

	30 September 2019 £'000	30 September 2019 £'000	31 March 2019 £'000	31 March 2019 £'000
<b>ASSETS</b>				
Investments		39,830		30,758
		<b>39,830</b>		<b>30,758</b>
Debtors	354		118	
Cash at bank	1,276		1,285	
<b>Total other assets</b>		<b>1,630</b>		<b>1,403</b>
<b>Total assets</b>		<b>41,460</b>		<b>32,161</b>
<b>LIABILITIES</b>				
Creditors	(73)		(48)	
Distributions Payable	(426)		(369)	
<b>Total liabilities</b>		<b>(499)</b>		<b>(417)</b>
<b>Net assets attributable to shareholders</b>		<b>40,961</b>		<b>31,744</b>

Authorised for issue and signed on behalf of the Authorised Corporate Director on 29 November 2019.

Alpha Real Capital LLP

# Statement of cash flows

For the period to 30 September 2019

	Period ended 30 September 2019 £'000	Period ended 31 March 2019 £'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total return	1,820	4,480
Adjustments for:		
Net capital gains	(1,005)	(2,845)
Distributions received from investments	(957)	(1,897)
Taxation	-	6
Increase in creditors	25	42
<b>Cash from operations</b>	<b>(117)</b>	<b>(214)</b>
Taxation paid	-	-
<b>Net cash flow from operating activities</b>	<b>(117)</b>	<b>(214)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Disposal proceeds from investments	-	7,204
Purchase of investments	(8,034)	(1,447)
Transaction costs on purchase of investments	(33)	(42)
Distributions received from investments	844	1,835
<b>Net cash flow from investing activities</b>	<b>(7,223)</b>	<b>7,550</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Creation of shares	8,167	1,171
Cancellation of shares	(160)	(6,890)
Dilution levy charge on creation/cancellation of shares	53	75
Net equalisation received	50	7
Distributions paid	(779)	(414)
<b>Net cash flow from financing activities</b>	<b>7,331</b>	<b>(6,051)</b>
<b>Net (decrease)/increase in cash</b>	<b>(9)</b>	<b>1,285</b>
<b>Cash at the beginning of the period</b>	<b>1,285</b>	<b>-</b>
<b>Cash at the end of the period</b>	<b>1,276</b>	<b>1,285</b>

# Notes to the financial statements

For the period to 30 September 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. The Fund 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 the Fund's functional currency, being the primary currency in which the Fund operates. The amounts presented in these financial statements have been rounded to the nearest thousand.

### (c) Basis of preparation

The financial statements 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 investments 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 are 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 30 September 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' net distributable income is classified as dividend distributions. No tax is withheld from dividend distributions.

### (h) Treatment of expenses

Expenses are recognised on an accruals basis.

# Notes to the financial statements (continued)

For the period to 30 September 2019

## 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 the Fund. 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 the Fund's assets attributable to each share class on the day the revenue is earned or the expense is suffered.

### (c) Expenses

In determining the amount available for distribution in any accounting period, the aggregate of the income received or receivable by the Fund 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 the Fund 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 period.

### 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

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.

## Notes to the financial statements (continued)

For the period to 30 September 2019

### 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.

The Fund's 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.

The following risk management policies are applicable to the Fund.

#### (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.

The Fund's share price may be volatile due to movements in the prices of the underlying equity and fixed interest security holdings.

The Fund may hold securities in infrastructure investments and as a result will be more susceptible to adverse economic or regulatory occurrences affecting that industry.

A 5% increase in the value of the Fund's investment portfolio would have the effect of increasing the return and net assets by £1,989,567. A 5% 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 the Fund. In addition the Fund 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 the Fund does not hold any interest bearing securities.

The Fund's 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 the Fund 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. 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. The Fund 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 the Fund 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.

### 7. Post balance sheet events

On 31 October 2019, TIME:Defensive Income Securities paid its quarterly distribution for the period ended 30 September 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

### 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

Royal Bank of Scotland PLC  
NatWest Trustee and Depository  
Services Limited  
Floor 2 South  
Drummond House  
1 Redheughs Avenue  
Edinburgh EH12 9RH

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





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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. November 2019.

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