

VERITAS FUNDS PLC

**INTERIM REPORT AND UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018**

VERITAS FUNDS PLC

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INVESTMENT MANAGER'S REPORT

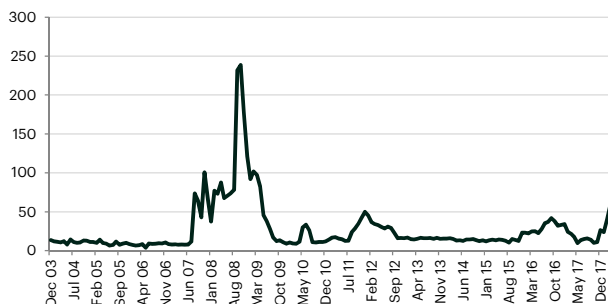
Asian equities suffered tremendous volatility in the first quarter of 2018, with the MSCI AC Asia-Pacific ex Japan rallying significantly in January only to give up all of its gains to close down -0.59% for the quarter. The Veritas Asian Fund (USD A) rose 1.25% in the quarter. Over the previous six months the Fund (USD A) rose 13.0% against a return of 7.3% for the index.

We believe there are three possible reasons for the volatility we have witnessed in the market in the past quarter. They are as follows.

Bear reason Number 1: Inflation and interest rates

In January, no one could think of any good reasons to be bearish as the markets in both US and Asia hit new highs. The weak USD has been the centre of this virtuous cycle of liquidity and emerging market inflows. The benign scenario changed in late January with the very sharp rise in interest rates and inflation expectations. Headline inflation has turned higher recently due to the rise in commodity prices: the global aggregate rose to 2.6%Y in Q417 compared to 2.4%Y in both Q2 and Q3, according to Morgan Stanley estimates. Although core inflation has yet to show a meaningful uptick against a backdrop of above-trend global growth, the market was unnerved by the growing concern about rates rising excessively due to unfunded fiscal spending coupled with the corporate tax cut and a Fed that appears to be behind the curve. 10Y US Treasury yields rose 33 bps in the first quarter to 2.73% at the end of March, 3M Libor rose 62bp to end the quarter at 2.31%. Critically, the Libor-OIS spread which measures the credit risk of the financial system rose to 0.59%, the highest since August 2007 just before the global financial crisis.

US Libor-OIS Spread – Dec 2003 to Mar 2018



US Libor-OIS Spread – Dec 2006 to Dec 2008



Source: Bloomberg

Despite the higher US interest rates, the impact on EM assets, particularly EM currencies, has been more muted than in 2013 as EM fundamentals are still in a better shape than they were in 2013. The continued rise in foreign reserves and decline in debt over the past few years has led to greater stability in emerging markets, according to Morgan Stanley.

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INVESTMENT MANAGER’S REPORT
(CONTINUED)

Asia Earnings Growth

Exhibit 1: The EM scorecard – EM exposure to higher US rates (4 = very high exposure; 0 = very low exposure)

EM Scorecard		China*	Russia	Korea	India**	Poland	Brazil	Indonesia	Mexico	Argentina	S.Africa	Colombia	Turkey
External Exposure	Current account balance	1	0	0	2	1	2	2	2	4	3	3	4
	FX reserves/external debt	0	3	2	2	4	3	4	3	4	3	4	4
	Foreign holdings of gov. bonds	0	1	1	0	2	2	2	2	0	4	2	1
	USD-denominated corporate debt	1	2	2	1	0	2	1	2	0	1	2	3
Internal Exposure	Inflation										2	2	3
	Real rate differential										1	2	1
Overall Score		1.9	1.1	1.3	1.6	1.8	2.0	2.1	2.1	2.4	2.5	2.8	3.0

Source: Morgan Stanley Research. Please see footnotes in Exhibit 10. For more details on the methodology see [here](#).

Bear reason Number 2: Brace for more rhetoric on Trade Wars

The market initially was of the view that the probability of a trade war was low, because Trump is a businessman after all, and will not do anything too drastic to hurt US GDP growth. Given how reliant the US is on imports, imposing tariffs is not a logical thing to do. However, with the US mid-term election coming up in November, no one can afford to sound weak on trade issues. And recent news on the trade issues is sounding messier; things may get worse before they get better.

The US announced the imposition of a 25% import tariff on steel and 10% on aluminium (together about 1.2% of US imports) in early March which is deemed harsher than that of tariffs on washing machines and solar (about 0.6% of US imports) in January. Subsequently, the US announced plans to impose tariffs on US\$50-60bn of goods imports from China, based on the Section 301 investigation into China’s intellectual property practices. Within the next 60 days, the Treasury Department will also craft new restrictions that would block Chinese companies from being able to invest in certain sectors of the US economy covering US technology.

Following the release of a proposed list by the US on Chinese imports that would be subjected to a 25% tariff (in relation to the section 301 investigation), China announced plans to raise tariffs by 25% on 106 US import items, with the implementation timeline to be decided. The value of these products totalled around US\$50bn as of 2017, which primarily include soy beans, cars, chemicals and some aircraft. Although China's announced tariff measures are similar in size, the Chinese policymakers’ comments during the media briefing were relatively measured. In particular, senior officials continued to reiterate the importance of negotiations, and that China does not wish to enter a full-blown trade conflict. More importantly, Vice Finance Minister Zhu Guangyao framed the planned US and China tariff hikes as both sides having announced a first round of measures that are not implemented yet, and that "it is now the time to negotiate and cooperate." Critically, China is the world’s largest soybean importer (USD14b) from the US, an industry that employs more than 300,000 farmers and forms a major political base for President Donald Trump in the Midwest.

In terms of a timeline of events, the US Trade Representative (USTR) is scheduled to receive written public comments by May 11, hold a public hearing on May 15, and receive post-hearing rebuttal comments by May 22. The period for public comments is longer than USTR’s earlier announcement last month, which could provide a bit more time for negotiation between US and China.

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INVESTMENT MANAGER'S REPORT (CONTINUED)

The overall first round impact of US trade actions on China is limited (even if implemented) although it would impose some downside risk on China's GDP growth. UBS estimates that the 25% tariff on USD50b of Chinese exports will lead to a 0.1% slide in China real GDP growth (assuming full pass through). Although the noise levels are high, the baseline scenario is limited with Morgan Stanley estimating that US real GDP will be affected by 0.1% by the Chinese tariffs. As the markets brace for more trade tariff rhetoric, the initial fallout from these measures (even if fully implemented) is manageable. The key risk is the continued escalation of even more aggressive tactics by the Trump administration that could significantly worsen global growth.

Bear Reason Number 3: China Deleveraging

An ongoing theme that we have highlighted in the past is China's resolve to reduce leverage in the financial system. The largest driver of China's credit growth slowdown in 2017 was a reduction in capital market leverage, which was the focus of initial financial clean-up efforts. This has caused interbank rates and bond yields to move higher, as Chinese government 10Y bond yield rose from 3.05% at the beginning of 2017 to end the year at 3.90%, a rise of 85bp. However, the 2017 clean-up only had a limited impact on credit supply to the real economy. Notably, infrastructure investment growth remained stable with transportation infrastructure investment growth over 20% in 2016-17, while household leverage rose 7ppts YoY in 2017.

Recent Clean-up Policies introduced in China

Regulator	Document	Highlights
NDRC & MOF	Document 194	Tighter restrictions on corporate bond issuance, such as excluding public welfare facilities and land reserve from the asset off issuer; prohibit issuer to receive guarantee from local government; and personal accountability for any irregular practice.
CBRC	Management Measures on Entrusted Loans	Ban the use of funds from asset management plans (AMPs) from securities firms and fund subsidiaries for entrusted loans.
CBRC	Notice on Regulating Bank-Trust Business	Prohibits banks from investing via trusts in the property sector, local government funding vehicles, the equity market, and sectors with overcapacity.
PBOC, CBRC, CSRC and CIRC	Document 302	1) further reducing the cap on leverage of private funds to 2x from around 4x, 2) further reducing shadow leverage via custodian holding structure, and 3) making pass-through leverage to private funds and nonbank financials more difficult.

Source: MOF, CBRC, PBOC, Morgan Stanley Research

With the pace and intensity of financial clean-up efforts in China having picked up notably since the end of 2017, this is causing some fears it would result in slowing GDP growth. Since January 2018, policies have become even more decisive and the financial clean-up efforts have shifted to controlling credit for infrastructure investments as well as consumption-related credit via the effective ban of nearly all non-standardized credit assets by banks and heightened regulatory focus on controlling the pace of rising household leverage. Whilst this would have some impact on consumption, the impact is not expected to be too severe as the consumer debt to GDP in China remains lower than the developed nations and even lower than that of Singapore, Malaysia and Hong Kong.

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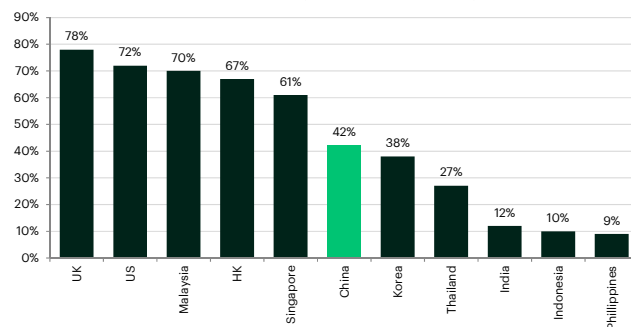
China household leverage was 42% of GDP by the end of 2017, up 7bp YoY, with a more rapid increase in non-mortgage credits

Rmb bn	YoY						
	2015	2016	2017E	2018E	2016	2017E	2018E
Mortgage	13100	17900	21860	25820	37	22	18
Credit Cards	3284	4062	5790	7162	24	43	24
Auto loan and others	2568	3085	4632	6164	20	50	33
Tech-enabled lenders	421	1016	1925	1598	141	89	-17
Consumer finance companies	58	98	274	412	71	180	50
Summary	19430	26161	34481	41157	35	32	19

	(ppts)						
as of % GDP	28	35	42	45	7	7	4
Mortgage	19	24	26	28	5	2	2
Credit Cards	4	5	7	8	1	2	1
Auto loan and others	3	4	6	7	1	1	1
Tech-enabled lenders	1	1	2	2	1	1	-1
Consumer finance companies	0	0	0	0	0	0	0

Source: PBOC, Morgan Stanley Research (E) Estimates

China household leverage is not as high compared to other countries



Source: CEIC, Morgan Stanley Research. Note: Data for countries except China is as of end 2016. China data is as of end 2017

With the heavyweight reformer Guo Shuqing being appointed as the Head of China Banking Regulatory Commission (CBRC) and China Insurance Regulatory Commission (CIRC) as well as the role of Communist Party chief of the People's Bank of China (PBOC), policies are expected to be leaning towards reforming the financial system. As head of the CBRC, Guo implemented a series of measures to tackle the sector's most complex problems from shadow banking to regulatory arbitrage to hidden bad debts to wealth management products to P2P lending. During his short 17 months as head of China Securities Regulatory Commission (CSRC) in 2011-2013, he battled insider trading, advocated the reform of the IPO process, delisted loss making firms and boosted the participation of foreign investors. With Guo at the helm, this would lead to greater stability in the China financial system although in the short term, this may lead to slightly tighter conditions as China embarks on less wasteful investment growth.

While this could lead to lower GDP growth in the near term, as the market adjusts to a macro slowdown after a long period of overcapacity in China, this could lead to a longer-term re-rating for China equities markets as investors deem the financial risks of China to be falling. This is preferred to a scenario of reckless GDP growth, uneven monetary policy outlook, and total leverage to grow relentlessly. Our central case is still of stable (albeit slightly slower) growth for the Chinese economy, and the risk of a major growth correction is low, as policymakers have been taking a counter-cyclical approach on the back of strong exports, robust wage growth and recovery in private fixed asset investment, which provides room for a balanced slowdown. Policymakers have said they will closely monitor the growth impact of policy tightening as well as any spill over effects from external risks, and fine-tune the pace of domestic deleveraging as needed. For example, the PBOC announced a 2% RRR cut for 30 days during the Chinese New Year period, which released around Rmb1.5tn amid tight liquidity conditions during that period.

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INVESTMENT MANAGER'S REPORT
(CONTINUED)

Strong Equities Support: Robust earnings growth

Thus far, 90% of Asian companies have reported their earnings which have accelerated sharply to 21% in CY2017 from 0% in 2016. The cyclical recovery over the past two years has clearly boosted revenue growth, and the margin improvement last year is the largest in 7 years. Most markets delivered more than 10% earnings growth, except Malaysia, Singapore and India. Korea was the star performer with growth of 42% followed by China and Thailand. The 2017 earnings data also revealed a promising trend with EBIT margin rising to pre-crisis levels. This is a primary driver of ROE improvement since 2015. More importantly, asset turnover which has steadily fallen since 2008 seems to have bottomed out; the investment discipline over the past several years has turned around asset efficiency.

The trend of improving operating leverage has extended into 2017. This is in large part driven by better cost control. Operating expense ratios have reduced, helped by a reduction of Cost of Goods Sold and depreciation as percentage of sales, offsetting the increase in the Selling, general and administrative expenses portion due to regional wage pressure. Asian corporates have continually rebalanced their capital investments over the past few years. Capex/depreciation has reduced, led by energy and materials, and its mix has also shifted to maintenance capex (replacing depreciation) from growth capex (new capacity investment). On the other hand, Research and Development expenditure has steadily risen, led by info tech, healthcare and consumer discretionary companies. This additional Research and Development investment, especially by Asia innovative companies will support stronger top line growth in the longer term. The combination of better EBIT margin, lesser interest burden (due to strong operating cash flow to reduce leverage), better asset turnover, and reduced tax burden has resulted in ROE improving by 2.1% in 2017, according to Goldman Sachs. This strong operating leverage coupled with stable economic growth is expected to result in robust earnings growth of 14% for Asia in 2018.

MXAPJ Earnings Tracker	Reported Companies # of Cos. % of MSCI cap	(Reported Companies) Actual Net Profit Growth (%)		Actual Est CY2017E Yoy (%)	Descending CY2017 actual vs. estimates	(Reported Cos, Ex-financials) Revenue Growth (%)			(Reported Cos, Ex-financials) Net margin: pp. diff.			
		CY4Q17 Yoy (%)	CY2017 Qoq (%)			CY4Q17 Yoy (%)	CY2017 Qoq (%)	CY2017 Yoy (%)	vs. 4Q16	vs. 3Q17	vs. 2016	
MSCI markets (in Reported Currency)												
Hong Kong	43 92%	26%	NA	22%	21%	105%	4%	NA	3%	1.3	NA	1.2
Thailand	35 100%	11%	-4%	16%	16%	104%	12%	9%	13%	1.2	(0.3)	0.9
Philippines	17 79%	16%	2%	13%	15%	102%	8%	11%	7%	(0.2)	(1.6)	0.7
Taiwan	71 81%	10%	11%	17%	13%	101%	5%	4%	7%	0.4	(0.1)	0.7
China A (CSI 300)	103 42%	36%	11%	18%	18%	106%	10%	9%	18%	1.1	(1.5)	0.6
China	135 92%	20%	23%	21%	21%	100%	17%	1%	21%	0.2	(1.0)	0.7
Malaysia	46 100%	1%	6%	5%	5%	100%	2%	1%	6%	0.5	(1.4)	(0.3)
Singapore	26 100%	6%	4%	5%	5%	100%	1%	4%	4%	(0.6)	(1.0)	(0.7)
Indonesia	28 99%	21%	3%	15%	15%	99%	15%	3%	16%	(1.5)	(1.5)	(0.7)
Australia NZ	63 74%	5%	NA	14%	11%	96%	2%	NA	6%	0.8	NA	1.3
India	79 100%	6%	1%	7%	2%	94%	13%	6%	10%	(0.1)	(0.5)	(0.4)
Korea	111 100%	29%	-2%	42%	42%	92%	8%	4%	9%	1.6	(2.0)	2.0
MXAPJ	659 90%	18%	-1%	21%	20%	98%	9%	2%	10%	0.0	(1.2)	1.1
MXASJ	596 92%	21%	-1%	22%	22%	98%	10%	2%	11%	0.0	(1.2)	1.1
<small>Note: China = MSCI China (offshore), China A (CSI 300) is not considered in MXAPJ aggregate calculation.</small>												
MSCI AC Asia Pacific ex Japan sectors (in Reported Currency)												
Real Estate	55 93%	21%	32%	16%	15%	102%						
Consumer staples	52 97%	36%	10%	17%	16%	102%	3%	6%	1%	1.8	1.1	0.7
Energy	33 90%	30%	-4%	43%	59%	101%	14%	8%	20%	0.6	(0.6)	0.9
Financials	111 77%	10%	31%	11%	9%	100%						
Telecommunication services	30 99%	3%	29%	1%	1%	99%	2%	-1%	2%	(0.4)	(3.4)	(0.1)
Information technology	76 95%	21%	0%	54%	48%	99%	15%	7%	15%	1.5	(0.9)	3.3
Health care	36 95%	15%	0%	3%	1%	97%	7%	46%	21%	0.6	3.0	(1.3)
Consumer discretionary	85 96%	3%	15%	0%	1%	94%	6%	4%	7%	(0.1)	(0.8)	(0.4)
Utilities	31 94%	-26%	-92%	-19%	-17%	94%	12%	5%	10%	(2.0)	(0.0)	(2.3)
Materials	54 96%	23%	-15%	37%	37%	94%	15%	4%	15%	0.4	(1.4)	1.3
Industrials	96 93%	20%	-67%	20%	19%	91%	2%	5%	3%	0.6	(3.3)	0.8

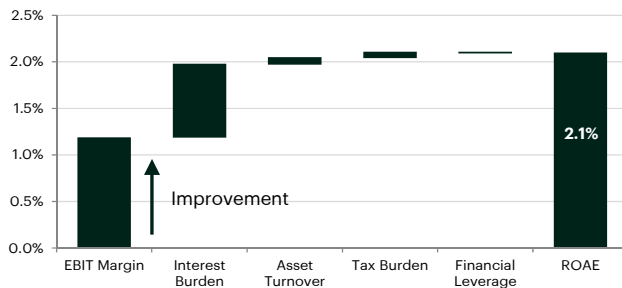
Source: FactSet, Bloomberg, MSCI, Goldman Sachs Global Investment Research

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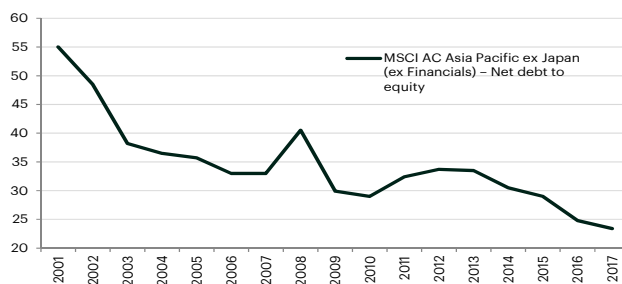
INVESTMENT MANAGER'S REPORT (CONTINUED)

Contribution to change in MSCI AC Asia Pacific ex Japan ROE in 2016-2017 (pp)



Source: FactSet, MSCI, Goldman Sachs Global Inv. Research

Corporate leverage has reduced



Source: FactSet, MSCI, Goldman Sachs Global Inv. Research

Focus on Sector: Healthcare

In past quarterlies, we have written about the attraction of the healthcare sector (Healthy Asia). The best performing sector so far in 2018 has been the healthcare sector which rose 6.9% in the first quarter in contrast to MSCI Asia Pacific ex Japan index that fell 0.6%. The healthcare sector is expected to have earnings growth of 16.9% in 2018 and 18.8% in 2019, faster than the average Asia growth.

An exciting phase for the Asian healthcare sector is the increasing interest in the biologic drug space. Biologic drugs (biologics) include all pharmaceutical drugs or products that are created by natural processes or through living organisms. The European Medicines Agency defines biologics as “a medicine whose active substance is made by or derived from a living organism.” For example, insulin can be produced by a living organism (bacterium or yeast), which has been given the gene that enables it to produce insulin. Biologics include a diverse product range such as blood components, human cells, gene therapy, human tissue as well as recombinant (generated through cell manipulation) proteins and vaccines.

Eight of the top-10 best-selling drugs in 2016 were biologics. Biologics represent a global growth market. The monoclonal antibody (mAb) market increased from US\$67.3bn in 2012 to US\$94.2bn in 2016, delivering an 8.8% compound annual growth rate (CAGR) and is set to enjoy a 10% CAGR over 2016-21, reaching US\$151.bn in 2021, according to Frost & Sullivan. Pricing growth of biologic drugs in the more developed markets has been strong, with a CAGR in the USA for four common biologics at 11% to end-2016. Asian companies have an opportunity to participate in this growth as they can develop their drugs efficiently in their own Asian markets, and then expand into the larger overseas markets. Asian drug companies have consistently demonstrated their lower development, production and wage costs compared with peers in conventional drug development. This is likely to be

repeated for biologics as well. Hence, there is an opportunity for Asian drug companies to leverage their lower costs as they increasingly enter the US and EU markets.

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INVESTMENT MANAGER'S REPORT
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By the middle of this century, Asia's elderly population as a share of population will increase to 17.5%, from just 4.1% in 1950. Within the next few decades, Asia is poised to become the oldest region in the world. Home to over 60% of the world population, the Asian and Pacific region now accounts for 410 million older persons. This is expected to increase to 733 million in 2025 and to 1.3 billion by 2050, according to United Nations data.

Between 2010 and 2050, the populations of Asian countries will age quickly, in large part because rapid declines in fertility have the effect of diminishing the size of the 24-and-younger age categories relative to the total population. With younger cohorts shrinking, the decreasing number of new entrants coming into the workforce will cause countries to shift to a larger share of elderly in their total population and in consequence, the dependency burdens will not ease. The demographic transition towards an ageing population is not just confined to the more developed countries in Asia such as Japan, Korea and Singapore. China, a developing nation, is also aging rapidly. These would lead to a significant demand for healthcare in general and biologics drugs in particular.

The Fund has invested in a selection of high quality Asian pharmaceutical companies who are leaders in their respective fields and we expect them to do very well over the longer term.

Conclusion: Focus on fundamentals

In conclusion, although there appears to be significant clouds on the horizon, the strong earnings growth momentum in Asia and the increased importance of domestic investors will act as positive buffers. In this more difficult environment, we will continue to focus on stocks that have strong fundamentals and structural growth as manifested in our five major long term themes : Green Asia, Healthy Asia, Connected Asia, Aspirational Asia and Efficient Asia. These themes, which are largely related to Asian domestic demands, are probably more relevant now than ever as global trade outlook becomes more challenging.

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INVESTMENT MANAGER'S REPORT

Long-termism

The aim of investment must be to achieve the highest possible post-tax return on capital invested at the lowest possible risk ¹. There are many investment strategies that claim to do this but very few have proven to be successful over numerous investment cycles. Value investing (including deep value and other value investing styles), momentum investing and quality investing are three that have proven long-term success. The Veritas Global team are adherents of both quality investing and value investing at the same time, aiming to buy companies with substantial competitive advantages (i.e. quality) when they are available at attractive valuations. We employ this investment style in two strategies, the Veritas Global Equity Income strategy which places more emphasis on value (through the lens of dividend yield based investing) and the Veritas Global Focus strategy which seeks quality companies (regardless of dividend yield) but only invests in them when we assess their valuation to be attractive on a long-term basis. Following such a strategy requires three fundamental skills:

- Good analysis – Being able to identify the attributes of quality companies and reasonably assess their long-term evolution (will they still be high-quality companies in 10 years' time?). This analysis requires a deep understanding of an industry and the companies within the industry together with the ability to assess the risks and opportunities facing the industry and its constituents.
- Valuation Discipline – understanding the approximate intrinsic value of these quality companies and only investing when they are attractively valued by the market. At Veritas we focus on absolute value (“intrinsic value”) rather than relative value and aim to determine the prospective rate of return we should achieve over a sensible holding period (typically 5+ years).
- Long-term outlook – The nature of buying good companies largely means that the investment outcome relies to some degree on the compounding of earnings and cash flows which takes time. Daily fluctuations in share prices based on news flow are rarely relevant to long-term investors except insofar as it may offer an entry point. The ability to invest for the long term and ignore short term “noise” is largely a behavioural point and while easy to include in any “process” is much more difficult to implement in practice.

The last point is extremely important and often overlooked. A focus on short-term results is unlikely to be helpful. In the short-term results can seem quite random, particularly with concentrated portfolios. There is also a much greater likelihood of experiencing a loss if the portfolio is assessed over a short timeframe. As an example, if we assume a portfolio has an annual expected return of 7% and volatility of 12% the probability of seeing a negative return on that portfolio is 49% if viewed daily, 47% if viewed weekly, 43% monthly, 39% quarterly and still 28% annually.

Numerous studies show that humans are risk averse and as a consequence feel more pain from losses than pleasure from gains on a scale of around 2:1. The more frequently a portfolio is checked the more likely it is that it will show a loss. The impact of this is not just emotional, however – humans have evolved to try to minimise pain. If an inexperienced investor frequently sees losses on their portfolio it is highly likely that they will do something to try and reduce these losses.

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VERITAS GLOBAL FOCUS FUND

INVESTMENT MANAGER'S REPORT (CONTINUED)

As a consequence of this, we recommend that our investors assess investment results over at least 5 year cycles and ideally longer (7-10 years) or better yet, a full economic cycle (although monetary policy post the financial crisis has largely made a mockery of the traditional economic cycle). Consistent outperformance over 5-10 year cycles (including both bull and bear markets) is more likely to indicate some repeatable skill than assessing annual performance. Since 1 January 2006, the Veritas Global Focus Fund (USD A) has delivered a total return of 177% which can be compared with 111% for the MSCI World Index and places the Fund in the top decile of global funds in the IA Global sector. However, if we look at our performance monthly, the Fund outperformed the index in only 56% of months and underperformed in the other 44% - little better than a coin toss. Our 5 year rolling returns are as follows:

Five years to end	VGFF A USD TR	MSCI World Index		Portfolio Sharpe ratio	Index Sharpe ratio
		net dividends reinvested	OECD G7 CPI + 6% p.a.		
March 2009	0.38	-16.33	48.07	-0.28	-0.47
2010	43.36	15.32	47.25	0.25	-0.04
2011	46.65	10.85	47.11	0.30	-0.04
2012	29.15	-3.44	47.43	0.18	-0.13
2013	33.70	11.63	44.51	0.26	0.04
2014	136.29	131.50	46.28	1.30	1.11
2015	59.35	61.09	44.22	0.71	0.65
2016	43.97	37.09	41.85	0.55	0.43
2017	50.91	56.46	41.11	0.74	0.78
2018	58.42	58.89	42.31*	0.86	0.85

* OECD to 28 February 2018 due to data release timing

Given the way that we manage money, we strongly believe that it is important to be macro-economic aware but we spend no time trying to forecast macroeconomic factors. This means we try to understand the economic environment we are in but don't invest based on an assessment of what might happen economically. Consequently, we do not attempt to forecast rates of GDP growth or other factors such as future interest rates. Indeed, even if we knew these it is unlikely we could consistently profit from that knowledge as we would also need to know what other market participants expected. Currently (as always?) there are a number of positive and negative factors: economic growth is reasonable in most significant countries; inflation seems to be rising but generally within normal bounds; tax cuts in the US are positive; rising protectionism is negative; Brexit is negative for Europe; debt levels are elevated; asset valuations are reasonably high; rising interest rates and Quantitative Tightening are both negative.

Rather than attempt to forecast the impossible in terms of macroeconomic variables, we concentrate on searching for opportunities to invest for the long term in high-quality companies when they are attractively valued. Given the prolonged bull market we have experienced over the last 9 years and particularly the increasing trend to invest in "quality" companies it has become harder to find attractively valued opportunities. Consequently, we have more recently found opportunities to buy when others are selling due to short-term concerns. Sometimes these concerns are macroeconomic (interest rate rises have severely hit the valuation of companies seen as "bond proxies") and sometimes the concerns are more specific (Facebook for example). What does seem clear is that since the start of 2018 the investment horizon of market participants has shortened with investment decisions now on a hair trigger setting and consequently volatility has markedly risen.

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The “narrative” market

The impact of rising “short-termism” is that many investors are focusing much less on the operational fundamentals of companies and much more on the investment “narrative”. Companies benefitting from a strong “narrative” are performing well almost regardless of their underlying operational performance and those companies suffering from a more difficult “narrative” are performing poorly regardless of operational performance. Over time, the operational and fundamental performance will be the arbiter of valuation and therefore long-term return, not the “story”. Examples of this within our holdings include:

CVS - This US pharmacy and purchasing benefits manager has been a long-term holding for Veritas. The company is extremely well placed in the US Healthcare market, with more retail pharmacies than any other company and one of the top two purchasing benefits managers in the United States. Over the past 5 years, the company had grown adjusted earnings per share by 11% annually and free cash flow in 2017 was \$6.4bn. Growth over the next 5 years is likely to be slightly slower with compound growth in EPS and FCF of around 8% expected. This growth rate, however, would be exceeded should CVS's proposed merger with Aetna proceed. Such a merger would create a vertically integrated healthcare behemoth with the attendant scale and opportunities that would create. One example would be utilising CVS's c.10,000 stores to provide more front-line health care services at lower cost. On this note, CVS recently announced that they are expanding into chronic kidney disease detection, treatment and dialysis, which is a major cost for health insurers.

Even without the Aetna acquisition, CVS looks extremely attractively valued with a FCF yield over 11% and a 2018 PE ratio of only 9.6x. This lowly valuation has come about because the share price has fallen, not as a consequence of lower earnings or forecast earnings but instead because the valuation multiple has contracted as investors have increasingly come to fear both Amazon entering the healthcare market and the political focus on high drug costs in the US.

This “narrative” is clearly negative to the share price of CVS with the shares falling from over \$83 in January to the current price of \$61.50, a decline of 26%. The reality seems somewhat different. We have previously written about how difficult it will be for Amazon to gain traction in the US prescription drug market and while US drug prices are high (relative to other countries) this is primarily a consequence of pharmaceutical company pricing decisions rather than the PBM's or the pharmacies that dispense these drugs. The current narrative of intermediaries in the supply chain being to blame for high prices is being strongly supported by the large and powerful pharmaceutical lobby. However, the reality is that the intermediaries operate on a very low margin and even if they were removed entirely from the supply chain, drug prices would fall less than 10% and more likely would increase as the intermediaries no longer exerted pressure on the pharmaceutical companies to hold down prices through the use of formularies and competition.

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If there were a general decline in drug prices (which we consider unlikely given the power of the pharmaceutical lobby), the PBM's would very possibly see some impact but it is unlikely that pharmacies would suffer much as the cost to physically dispense a drug would not change with the price of the drug. Even within the PBM's, given the increasing proportion of high priced "specialty" drugs increasingly prescribed by doctors; it is unclear whether a general decline in drug prices would make a significant difference to PBM earnings given the changing mix. Overall we consider CVS remains a good quality company with a sizeable moat which will only be increased should the merger with Aetna be approved. The current valuation does not reflect this and instead is impacted by short-term conjecture (especially with regards to Amazon). It may take years for CVS to demonstrate the strength of its position relative to Amazon (it is difficult to prove anything against a mythical competitor) so it is possible that the valuation remains low for a period but we believe it will, in time, recover to reflect the quality of business that CVS is. This would simplistically result in around a 50% increase in price, which together with the compounding of earnings over the intervening period, should deliver very attractive returns to the Fund.

Ørsted - at the other end of the narrative spectrum the Fund has a stake in the Danish wind power company, Ørsted. This company was previously called Dong Energy and was primarily a traditional oil and gas exploration and production company. Under new management, the company decided to exit oil and gas and focus on renewable energy, in the process becoming the world's largest offshore wind power generator. Being early in the development of large offshore wind farms gave Ørsted a significant advantage in terms of both government subsidies and the development of expertise (effectively the expertise was subsidised by Governments). As a consequence, the costs of wind farm projects have come down much more rapidly than even industry experts expected. However, Ørsted still retains the large subsidies (often for up to 20 years) on the projects it has been contracted for (many of which are still under construction and therefore benefiting from the lower costs). This has led to a large increase in the value of each of these wind farms that was not reflected in the valuation of Ørsted when we entered the position in 2017. This narrative is now well known and the valuation of Ørsted now reflects the "supernormal" value of the contracts it has won with the share price having increased around 50% since our purchase last year despite earnings that have been in line with our expectations at the time. This increase in valuation not only reflects the value of contracts won but also partially reflects the value of contracts the company is yet to win (in particular in Taiwan and the US) indicating just how much the "narrative" on Ørsted has changed over our holding period of around a year. While we (with others) believe that the company is well placed to win some of these large new contracts as a result of their expertise and track record, it is clear that the valuation is now more speculative than at purchase.

The Taiwanese project, however, could be a significant source of further "supernormal" profits and it is clear that only a fraction of this value is currently priced into the shares such that on a risk-adjusted basis we continue to believe they are an attractive investment.

Longer term perspective

As can be seen from the previous table, over the past 5 years our performance has been largely in-line with the MSCI World Index and somewhat ahead of our absolute target of OECD G7 CPI+6% annually. While the same is also true over the past 3 years, the last six months have been more difficult in terms of performance relative to an equity index with the Fund delivering a return of -1.77% (USD A Class) and the MSCI World index delivering 4.15%. This result, while disappointing in the short-term, seems exacerbated by the poor share price performance of a number of holdings that are suffering from a negative "narrative" but operational performance remains on track. Over time we would anticipate that the value from these positions will be realised for the Fund and our investors.

¹ This must be the main financial aim. Asset managers also play an important role in aggregating and allocating capital in a way that doesn't cause harm (however defined) and being a good steward of the investments that we make on behalf of our clients. Neither of these objectives should be in conflict with the first.

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Is cash king?

'The prime purpose of a business corporation is to pay dividends (cash) to its owners. A successful company is one which can pay dividends regularly and presumably increase the rate as time goes by. The idea of investment is closely bound up with that of dependable income'

Ben Graham, Security Analysis 1934

'Number One, cash is king'

Jack Welch

'Let us define the investment value of a stock as the present worth of all the dividends to be paid upon it.... if earnings not paid out as dividends are all successfully reinvested at compound interest for the benefit of the stockholder, then these earnings should produce dividends later; if not, then they are money lost'

John Burr Williams, The Theory of Investment Value 1938

'Modern investors concentrate too little either on immediate yield or on future prospects and intrinsic worth. I would plead, therefore, that the question of yield should not be overlooked'

John Maynard Keynes 1938

The professional investor comes in multiple and complex forms. This shapes capital markets and behaviours of company managements, regulators, governments, central bankers and other investors. So many years on from when disciplined investment thinking was established with first principles in the first half of the twentieth century – perhaps these principles are not relevant anymore? Perhaps the complexity of modern financial market infrastructure; the rise of passive and quantitative investment techniques; the development of a compartmentalised investment style or factor approaches or just sheer speculation means all that matters is 'exposure' ; momentum; theme and 'narrative' or the growth trajectory? Tesla is hard to justify when assessing it on profitability; free cash flow; dividends or rigorous traditional valuation methods.

However, over the last 5 years, it is up over 600% (price momentum) and the narrative of 'disrupting' multiple markets (automobile and 'clean tech') has overwhelmed a rigorous evaluation of actual cash generation (let alone dividends or corporate governance). Anyway, in an era of 'near zero' discount rates who cares about valuation?

These questions are worth posing after such a strong and lengthy positive phase for equities. Furthermore, the investing world was turned upside down by such aggressive and experimental policy making which influenced and manipulated asset prices from nine years ago onwards. The intended and unintended consequences are not over, they will run and run. Success or failure over shorter time periods than may be sensible when assessing investment approaches has been marked by sorting via factors or styles (quality, growth compounders being the success story). Success breeds followers and investments become crowded and consensual. Furthermore, there are increasing tech driven quantitative techniques applied with material capital to markets which are unrecognisable to even twenty years ago, let alone pre Big Bang of 1986. The complex trading ecosystem today is 'trading platforms' and 'venue microstructure': all kinds of 'pools' to trade in electronically (lit, dark); multiple instruments and securities above and beyond common equity and specialisation to access algorithmic trading and execution of policy. Financial infrastructure has a life of its own and tangential income streams like index businesses and derivative clearing businesses operate hand in hand with certain investment approaches. 'The market', or 'Mr Market', really is not as simple as an equity market being a trusted place to gain 'price discovery' and liquidity. Caveat emptor, indeed. Perhaps governments, regulators and central bankers might privately accept 'we wouldn't start here' with the current complex publicly traded financial infrastructure.

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Publicly listed prices of equity are buffeted about in a complex and random way in the short term. Correlated baskets of stocks featuring factors (including high equity dividend yield) or sector exposure move up and down together as well as rotate.

Given the rise in 'factor' investing (and passive indexation), management teams no longer have a wide and strong active shareholder base holding them to account on strategy, corporate governance and – crucially – capital allocation. Passive ETFs are, by definition, insensitive to all of the above that directly impact long term wealth creation. Simply put, this is a canonical example of an 'absentee landlord' and is not helpful to efficient price discovery in the short term and capital allocation. It should come as no surprise that many high calibre managements prefer the Private Equity context to public markets and this may eventually become a more notable problem.

However, governments and central bankers themselves are happy to play the short term game (of rate and market manipulation) whilst periodically appointing 'talking heads' to write another report (Myners, Kay et al) on short-termism, allocating growth capital and 'what's wrong with markets and the professional investor?'. Consequently, we must live with today's 'nature of markets' and adjust accordingly. One material adjustment we would recommend for the active fundamental investor is extension of time frame for fundamental price discovery in line with an approximation of intrinsic value. Here we mean 5-10 year time horizon. Shorter term movements are complex and unpredictable and provide the opportunity to enter and exit public equity via inefficiency, macro influences or fashion/crowding into a narrative. These short term movements should not be second guessed, they are what can be exploited. We would not recommend moving away from – or losing sight of – timeless investment principles.

Historically, in periods when market multiples expand rapidly, focusing on stocks with premium dividend yield is not a good short term strategy. Recently, bull market phases have been characterised by a typical element of return coming from re-rating. In the nomenclature of 'factor' investing, dividend yield has been the worst performing factor in 2017 and in 2018 first quarter. In addition to weak capital performance, many within the professional arena of asset management are arguing against dividend based strategies. It has become commonplace to argue against the efficacy of what has been a good long term source of total returns: the cash evidenced by dividends.

Certainly it has been a period of remarkable difficulty with regard to opportunity set once the investor seeks premium yield (not even high yield) with a set of characteristics marrying measures or definitions of quality of company; growth drivers (which will fuel growth of cash flows and future dividends); sustainable dividends and attractive overall valuation. The post Global Financial Crisis policy settings have contributed to this narrowing of opportunity set, in addition to some striking sectoral differences indicating differing attitudes and policies to dividend payments. For example, there are many quality companies in the technology and healthcare sectors globally – one metric exhibiting this is the existence of high and persistent CFROI in both these sectors in aggregate. However, there is low yield in aggregate and many zero yielding companies. Contrast this with low (or volatile) CFROI sectors, often with more questionable claims to 'high quality' such as utilities, telcos and commodity based sectors where there is premium yield. Nonetheless, although the opportunity set has been limited – it is not negligible and market or stock movements based on short term factors often open up the target pool of investments. Furthermore, a narrow opportunity set is a tactical (and cyclical) point not a structural flaw.

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It is worth recollecting the circumstances in which ‘the father of value investing’, Ben Graham, was thinking and writing along with David Dodd in the 1930s. Ben Graham, along with other articulate and thoughtful investors such as Keynes and John Burr Williams, had experienced the period 1927-33. A remarkable bull market followed by an equally striking bear market. The experience forced a ‘back to first principles’ thought process that has formed the foundations for ‘value based’ investment thinking subsequently. There have been adaptations and iterations: perhaps the most significant being developments around thinking about quality/enduring competitive advantage of companies and considering allying metrics around ‘quality of company’ to valuation techniques (although Ben Graham did point out that specific singular ratios are not the ‘final arbiter of value’ and ratios do not protect from a decline in intrinsic value) . However, the basic principles are sound.

These principles included thinking in absolute terms (not relative) about the intrinsic value of equity in a company. The intrinsic value of an asset being determined by cash flows you expect to generate over the lifecycle and also how certain the analyst believes those cash flows to be. A simple and direct way of measuring cash flow from a company is cash dividends paid (out of organically generated cash from operations). Graham and Dodd recognised how difficult assessing intrinsic value was - and led on thinking about it in an approximate way. The obstacles they pointed out for the successful investment analyst are equally enduring: inadequate/incorrect data; uncertainties of future and irrational behaviour of context or markets. One common element of basic principles that all of Graham/Dodd; Keynes and Burr Williams agreed upon was the importance of cash flows and the role of dividends in equity investing. Keynes noted the compounding effect of growing dividends along with the ability of companies to adapt and adjust to macro conditions. This formed strong foundations for real returns from equities and from dividend-based investing. It contrasted equity dividend investing to bond investing (which, notably, has no growth in the ‘coupon’).

High and low dividend yield indices relative to world total return have diverged materially since September 2017. There has been significant underperformance in absolute and relative terms of high yield. This has occurred alongside a period of high correlation and low dispersion indicating ‘exposure’ or ‘factor’ type investing based around macro calls. Many professional investors view economic and policy data as the first principal component for equities and view equities as an aggregate group (index) or sectoral rotations. At Veritas we strongly believe that it is important to be macro-economic aware but we spend no time forecasting macroeconomic factors. This means we try to understand (and assess risks of) the social, political and economic environment companies are operating within and we are investing within, but we don’t invest based on views of what might (or might not) happen in short term economic out-turn. Consequently, we don’t make ‘industry sector rotational calls’ and regard the fact they occur in publicly traded equity markets as short term unpredictable movements. We concentrate on searching for opportunities to invest for the long term in high quality companies when they are attractively valued and have premium yields (with growing dividends).

The protracted policy driven bull market has made this objective difficult – and most notable has been our preparedness to invest in the higher quality companies in industries and sectors which could be regarded as less strong candidates for a wholly ‘unconstrained’ equity approach such as Veritas Focus. The premium yield approach we have to dividend based investing has meant significantly less opportunity in Technology and Healthcare when compared to our Focus strategy but value orientated positioning in Utilities, Telcos and Energy for example. A global approach has material opportunity set and diversification benefits across these industries. We only seek rifle shot investments.

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In conclusion, there are a combination of factors that have placed dividend-based investing under question. However, we believe that the investment approach has long term merits for the patient investor. It bases itself on sound long term principles of investment in equity and is enhanced by investing in higher quality growing companies who can grow their dividends. The strategy captures the lifecycle of a company and we have invested in initiators and high growth dividend companies over the years. A free cash flow yield and a dividend yield should be regarded as highly attractive investment attributes, neither a signal necessarily of maturity and 'going ex-growth' nor a necessity for the attraction of an investor constituency. Dividends offer:

- Cash return to shareholders and an ability to compound with reinvestment. These are powerful long term drivers of, and contributors to, total real returns.
- An indication of cash flow generation from businesses allowing excess to be returned and give tangible return on equity investing without selling the equity. The presence of a sound dividend policy signals confidence in cash generation.
- Evidence of capital discipline and efficiency within a business. Rarely does any business spend all capital on capex, Research and Development or Merger and Acquisitions wisely. Sharing cash between shareholders and growth capital is a sound discipline. A sustainable and progressive dividend is likely also to sharpen governance minds on the leverage of a balance sheet as well.
- The cornerstone of a sustainable dividend is likely to be helpful in sharp bear markets.

We believe our global equity income approach targets the right characteristics for long term dividend-based investing. We explicitly target an annual premium yield and protecting and growing the capital in real terms over five years plus. We have explained above the necessity to take a long term approach with this equity strategy. We remain confident about long term efficacy of the investment approach despite short term challenges. Following the end of the first half of the OEIC financial year we have made the first of two annual dividend payments to shareholders. We are confident we shall deliver a premium asset class yield this full year and also remain confident in the prospective upside of the portfolio of companies which is well diversified across industry and geography.

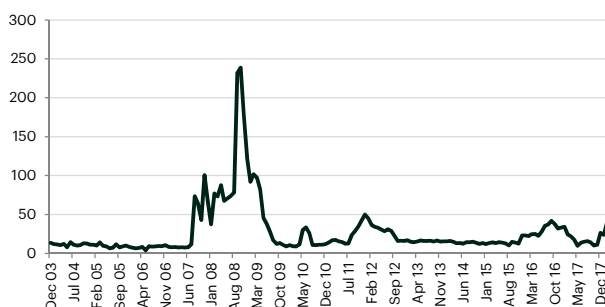
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The first quarter was a volatile market for most Chinese stocks in and outside China. The Fund (USD A) is up 2.3% for the quarter and 6.6% for the previous six months. We believe there are three possible reasons for the volatility we have witnessed in the market in the past quarter. They are as follows.

Bear reason Number 1: Inflation and interest rates

In January, no one could think of any good reasons to be bearish as the markets in both US and Asia hit new highs. The weak USD has been the centre of this virtuous cycle of liquidity and emerging market inflows. The benign scenario changed in late January with the very sharp rise in interest rates and inflation expectations. Headline inflation has turned higher recently due to the rise in commodity prices: the global aggregate rose to 2.6%Y in Q417 compared to 2.4%Y in both Q2 and Q3, according to Morgan Stanley estimates. Although core inflation has yet to show a meaningful uptick against a backdrop of above-trend global growth, the market was unnerved by the growing concern about rates rising excessively due to unfunded fiscal spending coupled with the corporate tax cut and a Fed that appears to be behind the curve. 10Y US Treasury yields rose 33 bps in the first quarter to 2.73% at the end of March, 3M Libor rose 62bp to end the quarter at 2.31%. Critically, the Libor-OIS spread which measures the credit risk of the financial system rose to 0.59%, the highest since August 2007 just before the global financial crisis.

US Libor-OIS Spread – Dec 2003 to Mar 2018



US Libor-OIS Spread – Dec 2006 to Dec 2008



Source: Bloomberg

Despite the higher US interest rates, the impact on EM assets, particularly EM currencies, has been more muted than in 2013 as EM fundamentals are still in a better shape than they were in 2013. The continued rise in foreign reserves and decline in debt over the past few years has led to greater stability in emerging markets, according to Morgan Stanley.

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Asia Earnings Growth

Exhibit 1: The EM scorecard – EM exposure to higher US rates (4 = very high exposure; 0 = very low exposure)

EM Scorecard		China	Russia	Korea	India*	Poland	Brazil	Indonesia	Mexico	Argentina	S.Africa	Colombia	Turkey
Current	Current account balance	1	0	0	2	1	2	2	2	4	3	3	4
	FX revaluation/total debt	0	3	2	2	4	3	4	3	4	3	4	4
	Foreign holdings of gov. bonds	0	1	1	0	2	2	2	2	0	4	2	1
Risk	USD-denominated corporate debt	1	2	2	1	0	2	1	2	0	1	2	3
	Inflation	2	2	2	2	2	2	2	3	3	2	2	3
	Real rate differential	2	1	4	2	4	1	2	1	0	1	2	1
Overall Score		1.8	1.1	1.3	1.6	1.8	2.0	2.1	2.1	2.4	2.5	2.8	3.0

Source: Morgan Stanley Research.

Bear Number 2: Brace for more rhetoric on Trade Wars

The market initially was of the view that the probability of a trade war was low, because Trump is a businessman after all, and will not do anything too drastic to hurt US GDP growth. Given how reliant the US is on imports, imposing tariffs is not a logical thing to do. However, with the US mid-term election coming up in November, no one can afford to sound weak on trade issues. And recent news on the trade issues is sounding messier; things may get worse before they get better.

The US announced the imposition of a 25% import tariff on steel and 10% on aluminium (together about 1.2% of US imports) in early March which is deemed harsher than that of tariffs on washing machines and solar (about 0.6% of US imports) in January. Subsequently, the US announced plans to impose tariffs on US\$50-60bn of goods imports from China, based on the Section 301 investigation into China’s intellectual property practices. Within the next 60 days, the Treasury Department will also craft new restrictions that would block Chinese companies from being able to invest in certain sectors of the US economy covering US technology.

Following the release of a proposed list by the US on Chinese imports that would be subjected to a 25% tariff (in relation to the section 301 investigation), China announced plans to raise tariffs by 25% on 106 US import items, with the implementation timeline to be decided. The value of these products totalled around US\$50bn as of 2017, which primarily include soy beans, cars, chemicals and some aircraft. Although China's announced tariff measures are similar in size, the Chinese policymakers’ comments during the media briefing were relatively measured. In particular, senior officials continued to reiterate the importance of negotiations, and that China does not wish to enter a full-blown trade conflict. More importantly, Vice Finance Minister Zhu Guangyao framed the planned US and China tariff hikes as both sides having announced a first round of measures that are not implemented yet, and that "it is now the time to negotiate and cooperate." Critically, China is the world’s largest soybean importer (USD14b) from the US, an industry that employs more than 300,000 farmers and forms a major political base for President Donald Trump in the Midwest.

In terms of a timeline of events, the US Trade Representative (USTR) is scheduled to receive written public comments by May 11, hold a public hearing on May 15, and receive post-hearing rebuttal comments by May 22. The period for public comments is longer than USTR’s earlier announcement last month, which could provide a bit more time for negotiation between US and China.

The overall first round impact of US trade actions on China is limited (even if implemented) although it would impose some downside risk on China’s GDP growth. UBS estimates that the 25% tariff on USD50b of Chinese exports will lead to a 0.1% slide in China real GDP growth (assuming full pass through). Although the noise levels are high, the baseline scenario is limited with Morgan Stanley estimating that US real GDP will be affected by 0.1% by the Chinese tariffs. As the markets brace for more trade tariff rhetoric, the initial fallout from these measures (even if fully implemented) is manageable. The key risk is the continued escalation of even more aggressive tactics by the Trump administration that could significantly worsen global growth.

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Bear Reason Number 3: China Deleveraging

An ongoing theme that we have highlighted in the past is China's resolve to reduce leverage in the financial system. The largest driver of China's credit growth slowdown in 2017 was a reduction in capital market leverage, which was the focus of initial financial clean-up efforts. This has caused interbank rates and bond yields to move higher, as Chinese government 10Y bond yield rose from 3.05% at the beginning of 2017 to end the year at 3.90%, a rise of 85bp. However, the 2017 clean-up only had a limited impact on credit supply to the real economy. Notably, infrastructure investment growth remained stable with transportation infrastructure investment growth over 20% in 2016-17, while household leverage rose 7ppts YoY in 2017.

Recent Clean-up Policies introduced in China

Regulator	Document	Highlights
NDRC & MOF	Document 194	Tighter restrictions on corporate bond issuance, such as excluding public welfare facilities and land reserve from the asset off issuer; prohibit issuer to receive guarantee from local government; and personal accountability for any irregular practice.
CBRC	Management Measures on Entrusted Loans	Ban the use of funds from asset management plans (AMPs) from securities firms and fund subsidiaries for entrusted loans.
CBRC	Notice on Regulating Bank-Trust Business	Prohibits banks from investing via trusts in the property sector, local government funding vehicles, the equity market, and sectors with overcapacity.
PBOC, CBRC, CSRC and CIRC	Document 302	1) further reducing the cap on leverage of private funds to 2x from around 4x, 2) further reducing shadow leverage via custodian holding structure, and 3) making pass-through leverage to private funds and nonbank financials more difficult.

Source: MOF, CBRC, PBOC, Morgan Stanley Research

With the pace and intensity of financial clean-up efforts in China having picked up notably since the end of 2017, this is causing some fears it would result in slowing GDP growth. Since January 2018, policies have become even more decisive and the financial clean-up efforts have shifted to controlling credit for infrastructure investments as well as consumption-related credit via the effective ban of nearly all non-standardized credit assets by banks and heightened regulatory focus on controlling the pace of rising household leverage. Whilst this would have some impact on consumption, the impact is not expected to be too severe as the consumer debt to GDP in China remains lower than the developed nations and even lower than that of Singapore, Malaysia and Hong Kong.

China household leverage was 42% of GDP by the end of 2017, up 7bp YoY, with a more rapid increase in non-mortgage credits

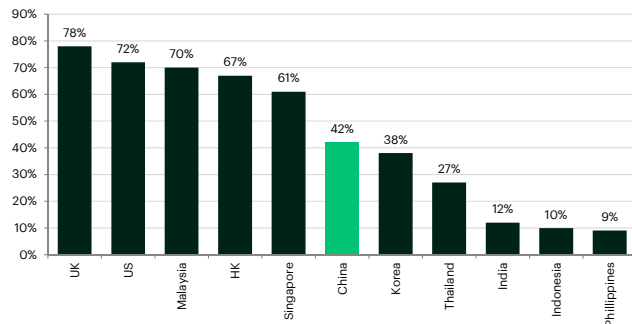
Rmb bn	2015	2016	2017E	2018E	YoY		
					2016	2017E	2018E
Mortgage	13100	17900	21860	25820	37	22	18
Credit Cards	3284	4062	5790	7162	24	43	24
Auto loan and others	2568	3085	4632	6164	20	50	33
Tech-enabled lenders	421	1016	1925	1598	141	89	-17
Consumer finance companies	58	98	274	412	71	180	50
Summary	19430	26161	34481	41157	35	32	19

	(ppts)						
as of % GDP	2015	2016	2017E	2018E	2016	2017E	2018E
Mortgage	19	24	26	28	5	2	2
Credit Cards	4	5	7	8	1	2	1
Auto loan and others	3	4	6	7	1	1	1
Tech-enabled lenders	1	1	2	2	1	1	-1
Consumer finance companies	0	0	0	0	0	0	0

Source: PBOC, Morgan Stanley Research (E) Estimates

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INVESTMENT MANAGER'S REPORT
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China household leverage is not as high compared to other countries



Source: CEIC, Morgan Stanley Research. Note: Data for countries except China is as of end 2016. China data is as of end 2017

With the heavyweight reformer Guo Shuqing being appointed as the Head of China Banking Regulatory Commission (CBRC) and China Insurance Regulatory Commission (CIRC) as well as the role of Communist Party chief of the People's Bank of China (PBOC), policies are expected to be leaning towards reforming the financial system. As head of the CBRC, Guo implemented a series of measures to tackle the sector's most complex problems from shadow banking to regulatory arbitrage to hidden bad debts to wealth management products to P2P lending. During his short 17 months as head of China Securities Regulatory Commission (CSRC) in 2011-2013, he battled insider trading, advocated the reform of the IPO process, delisted loss making firms and boosted the participation of foreign investors. With Guo at the helm, this would lead to greater stability in the China financial system although in the short term, this may lead to slightly tighter conditions as China embarks on less wasteful investment growth.

While this could lead to lower GDP growth in the near term, as the market adjusts to a macro slowdown after a long period of overcapacity in China, this could lead to a longer-term re-rating for China equities markets as investors deem the financial risks of China to be falling. This is preferred to a scenario of reckless GDP growth, uneven monetary policy outlook, and total leverage to grow relentlessly. Our central case is still of stable (albeit slightly slower) growth for the Chinese economy, and the risk of a major growth correction is low, as policymakers have been taking a counter-cyclical approach on the back of strong exports, robust wage growth and recovery in private fixed asset investment, which provides room for a balanced slowdown. Policymakers have said they will closely monitor the growth impact of policy tightening as well as any spill over effects from external risks, and fine-tune the pace of domestic deleveraging as needed. For example, the PBOC announced a 2% RRR cut for 30 days during the Chinese New Year period, which released around Rmb1.5tn amid tight liquidity conditions during that period.

Looking forward, although all of the above three risks still exist and may from time to time haunt the market, the strong earnings growth momentum in China and the increased importance of domestic investors will act as positive buffers. In this more difficult environment, we will continue to focus on stocks that have strong fundamentals and structural growth as manifested in our five major long term themes. These themes, which are largely related to Chinese domestic demands, are probably more relevant now than ever as global trade outlook becomes more challenging.

VERITAS FUNDS PLC
VERITAS GLOBAL REAL RETURN FUND
INVESTMENT MANAGER'S REPORT

Long-termism

The aim of investment must be to achieve the highest possible post-tax return on capital invested at the lowest possible risk ¹. There are many investment strategies that claim to do this but very few have proven to be successful over numerous investment cycles. Value investing (including deep value and other value investing styles), momentum investing and quality investing are three that have proven long-term success. The Veritas Global team are adherents of both quality investing and value investing at the same time, aiming to buy companies with substantial competitive advantages (i.e. quality) when they are available at attractive valuations. We employ this investment style in two strategies, the Veritas Global Equity Income strategy which places more emphasis on value (through the lens of dividend yield based investing) and the Veritas Global Focus strategy which seeks quality companies (regardless of dividend yield) but only invests in them when we assess their valuation to be attractive on a long-term basis. Following such a strategy requires three fundamental skills:

- Good analysis – Being able to identify the attributes of quality companies and reasonably assess their long-term evolution (will they still be high-quality companies in 10 years' time?). This analysis requires a deep understanding of an industry and the companies within the industry together with the ability to assess the risks and opportunities facing the industry and its constituents.
- Valuation Discipline – understanding the approximate intrinsic value of these quality companies and only investing when they are attractively valued by the market. At Veritas we focus on absolute value (“intrinsic value”) rather than relative value and aim to determine the prospective rate of return we should achieve over a sensible holding period (typically 5+ years).
- Long-term outlook – The nature of buying good companies largely means that the investment outcome relies to some degree on the compounding of earnings and cash flows which takes time. Daily fluctuations in share prices based on news flow are rarely relevant to long-term investors except insofar as it may offer an entry point. The ability to invest for the long term and ignore short term “noise” is largely a behavioural point and while easy to include in any “process” is much more difficult to implement in practice.

The last point is extremely important and often overlooked. A focus on short-term results is unlikely to be helpful. In the short-term results can seem quite random, particularly with concentrated portfolios. There is also a much greater likelihood of experiencing a loss if the portfolio is assessed over a short timeframe. As an example, if we assume a portfolio has an annual expected return of 7% and volatility of 12% the probability of seeing a negative return on that portfolio is 49% if viewed daily, 47% if viewed weekly, 43% monthly, 39% quarterly and still 28% annually.

Numerous studies show that humans are risk averse and as a consequence feel more pain from losses than pleasure from gains on a scale of around 2:1. The more frequently a portfolio is checked the more likely it is that it will show a loss. The impact of this is not just emotional, however – humans have evolved to try to minimise pain. If an inexperienced investor frequently sees losses on their portfolio it is highly likely that they will do something to try and reduce these losses.

VERITAS FUNDS PLC

VERITAS GLOBAL REAL RETURN FUND

INVESTMENT MANAGER'S REPORT
(CONTINUED)

As a consequence of this, we recommend that our investors assess investment results over at least 5 year cycles and ideally longer (7-10 years) or better yet, a full economic cycle (although monetary policy post the financial crisis has largely made a mockery of the traditional economic cycle). Consistent outperformance over 5-10 year cycles (including both bull and bear markets) is more likely to indicate some repeatable skill than assessing annual performance. Since inception, the Veritas Global Real Return Fund (GBP A including the history of the Real Return Global Fund) has delivered a total return of 202% which can be compared with 115% for the OECD G7 CPI + 4% p.a. However, if we look at our performance monthly, the Fund outperformed the index in only 59% of months and underperformed in the other 41% - little better than a coin toss. Our 5 year rolling returns are as follows:

Five years to end		OECD G7 CPI plus	Portfolio
March	VGRRF A GBP TR ¹	4% per annum	Sharpe ratio
2010	70.31	34.19	0.57
2011	60.84	33.29	0.52
2012	50.38	34.07	0.45
2013	62.27	31.93	0.72
2014	69.96	32.62	1.37
2015	37.26	30.98	0.94
2016	39.20	29.37	0.93
2017	59.50	28.93	1.30
2018	43.61	29.39 ²	0.91

¹ Veritas Global Real return Fund from 8 Jan 2010. Previously Real Return Global Fund

² OECD to 28 February 2018 due to data release timing

Given the way that we manage money, we strongly believe that it is important to be macro-economic aware but we spend no time trying to forecast macroeconomic factors. This means we try to understand the economic environment we are in but don't invest based on an assessment of what might happen economically. Consequently, we do not attempt to forecast rates of GDP growth or other factors such as future interest rates. Indeed, even if we knew these it is unlikely we could consistently profit from that knowledge as we would also need to know what other market participants expected. Currently (as always?) there are a number of positive and negative factors: economic growth is reasonable in most significant countries; inflation seems to be rising but generally within normal bounds; tax cuts in the US are positive; rising protectionism is negative; Brexit is negative for Europe; debt levels are elevated; asset valuations are reasonably high; rising interest rates and Quantitative Tightening are both negative.

Rather than attempt to forecast the impossible in terms of macroeconomic variables, we concentrate on searching for opportunities to invest for the long term in high-quality companies when they are attractively valued. Given the prolonged bull market we have experienced over the last 9 years and particularly the increasing trend to invest in "quality" companies it has become harder to find attractively valued opportunities. Consequently, we have more recently found opportunities to buy when others are selling due to short-term concerns. Sometimes these concerns are macroeconomic (interest rate rises have severely hit the valuation of companies seen as "bond proxies") and sometimes the concerns are more specific (Facebook for example). What does seem clear is that since the start of 2018 the investment horizon of market participants has shortened with investment decisions now on a hair trigger setting and consequently volatility has markedly risen.

VERITAS FUNDS PLC
VERITAS GLOBAL REAL RETURN FUND
INVESTMENT MANAGER'S REPORT
(CONTINUED)

The “narrative” market

The impact of rising “short-termism” is that many investors are focusing much less on the operational fundamentals of companies and much more on the investment “narrative”. Companies benefitting from a strong “narrative” are performing well almost regardless of their underlying operational performance and those companies suffering from a more difficult “narrative” are performing poorly regardless of operational performance. Over time, the operational and fundamental performance will be the arbiter of valuation and therefore long-term return, not the “story”. Examples of this within our holdings include:

CVS - This US pharmacy and purchasing benefits manager has been a long-term holding for Veritas. The company is extremely well placed in the US Healthcare market, with more retail pharmacies than any other company and one of the top two purchasing benefits managers in the United States. Over the past 5 years, the company had grown adjusted earnings per share by 11% annually and free cash flow in 2017 was \$6.4bn. Growth over the next 5 years is likely to be slightly slower with compound growth in EPS and FCF of around 8% expected. This growth rate, however, would be exceeded should CVS's proposed merger with Aetna proceed. Such a merger would create a vertically integrated healthcare behemoth with the attendant scale and opportunities that would create. One example would be utilising CVS's c.10,000 stores to provide more front-line health care services at lower cost. On this note, CVS recently announced that they are expanding into chronic kidney disease detection, treatment and dialysis, which is a major cost for health insurers.

Even without the Aetna acquisition, CVS looks extremely attractively valued with a FCF yield over 11% and a 2018 PE ratio of only 9.6x. This lowly valuation has come about because the share price has fallen, not as a consequence of lower earnings or forecast earnings but instead because the valuation multiple has contracted as investors have increasingly come to fear both Amazon entering the healthcare market and the political focus on high drug costs in the US.

This “narrative” is clearly negative to the share price of CVS with the shares falling from over \$83 in January to the current price of \$61.50, a decline of 26%. The reality seems somewhat different. We have previously written about how difficult it will be for Amazon to gain traction in the US prescription drug market and while US drug prices are high (relative to other countries) this is primarily a consequence of pharmaceutical company pricing decisions rather than the PBM's or the pharmacies that dispense these drugs. The current narrative of intermediaries in the supply chain being to blame for high prices is being strongly supported by the large and powerful pharmaceutical lobby. However, the reality is that the intermediaries operate on a very low margin and even if they were removed entirely from the supply chain, drug prices would fall less than 10% and more likely would increase as the intermediaries no longer exerted pressure on the pharmaceutical companies to hold down prices through the use of formularies and competition.

If there were a general decline in drug prices (which we consider unlikely given the power of the pharmaceutical lobby), the PBM's would very possibly see some impact but it is unlikely that pharmacies would suffer much as the cost to physically dispense a drug would not change with the price of the drug. Even within the PBM's, given the increasing proportion of high priced “specialty” drugs increasingly prescribed by doctors; it is unclear whether a general decline in drug prices would make a significant difference to PBM earnings given the changing mix. Overall we consider CVS remains a good quality company with a sizeable moat which will only be increased should the merger with Aetna be approved. The current valuation does not reflect this and instead is impacted by short-term conjecture (especially with regards to Amazon). It may take years for CVS to demonstrate the strength of its position relative to Amazon (it is difficult to prove anything against a mythical competitor) so it is possible that the valuation remains low for a period but we believe it will, in time, recover to reflect the quality of business that CVS is. This would simplistically result in around a 50%

increase in price, which together with the compounding of earnings over the intervening period, should deliver very attractive returns to the Fund.

VERITAS FUNDS PLC
VERITAS GLOBAL REAL RETURN FUND
INVESTMENT MANAGER'S REPORT
(CONTINUED)

Ørsted - at the other end of the narrative spectrum the Fund has a stake in the Danish wind power company, Ørsted. This company was previously called Dong Energy and was primarily a traditional oil and gas exploration and production company. Under new management, the company decided to exit oil and gas and focus on renewable energy, in the process becoming the world's largest offshore wind power generator. Being early in the development of large offshore wind farms gave Ørsted a significant advantage in terms of both government subsidies and the development of expertise (effectively the expertise was subsidised by Governments). As a consequence, the costs of wind farm projects have come down much more rapidly than even industry experts expected. However, Ørsted still retains the large subsidies (often for up to 20 years) on the projects it has been contracted for (many of which are still under construction and therefore benefiting from the lower costs). This has led to a large increase in the value of each of these wind farms that was not reflected in the valuation of Ørsted when we entered the position in 2017. This narrative is now well known and the valuation of Ørsted now reflects the "supernormal" value of the contracts it has won with the share price having increased around 50% since our purchase last year despite earnings that have been in line with our expectations at the time. This increase in valuation not only reflects the value of contracts won but also partially reflects the value of contracts the company is yet to win (in particular in Taiwan and the US) indicating just how much the "narrative" on Ørsted has changed over our holding period of around a year. While we (with others) believe that the company is well placed to win some of these large new contracts as a result of their expertise and track record, it is clear that the valuation is now more speculative than at purchase.

The Taiwanese project, however, could be a significant source of further "supernormal" profits and it is clear that only a fraction of this value is currently priced into the shares such that on a risk-adjusted basis we continue to believe they are an attractive investment.

Longer term perspective

As can be seen from the previous table, over the past 5 years our performance has been ahead of our absolute target of OECD G7 CPI+4% annually. While the same is also true over the past 3 years, the last six months have been more difficult in terms of performance relative to an equity index with the Fund delivering a return of -5.9% (GBP A Class) and the OECD G7 CPI+4% p.a. delivering 3.1%. This result, while disappointing in the short-term, seems exacerbated by the poor share price performance of a number of holdings that are suffering from a negative "narrative" but operational performance remains on track. Over time we would anticipate that the value from these positions will be realised for the Fund and our investors. The Fund remains conservatively positioned with a net long exposure of 55.9% as at 31 March 2017.

¹ This must be the main financial aim. Asset managers also play an important role in aggregating and allocating capital in a way that doesn't cause harm (however defined) and being a good steward of the investments that we make on behalf of our clients. Neither of these objectives should be in conflict with the first.

VERITAS FUNDS PLC
VERITAS IZOARD FUND
INVESTMENT MANAGER'S REPORT

Long-termism

The aim of investment must be to achieve the highest possible post-tax return on capital invested at the lowest possible risk ¹. There are many investment strategies that claim to do this but very few have proven to be successful over numerous investment cycles. Value investing (including deep value and other value investing styles), momentum investing and quality investing are three that have proven long-term success. The Veritas Global team are adherents of both quality investing and value investing at the same time, aiming to buy companies with substantial competitive advantages (i.e. quality) when they are available at attractive valuations. We employ this investment style in two strategies, the Veritas Global Equity Income strategy which places more emphasis on value (through the lens of dividend yield based investing) and the Veritas Global Focus strategy which seeks quality companies (regardless of dividend yield) but only invests in them when we assess their valuation to be attractive on a long-term basis. Following such a strategy requires three fundamental skills:

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VERITAS FUNDS PLC
VERITAS IZOARD FUND

INVESTMENT MANAGER'S REPORT
(CONTINUED)

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VERITAS FUNDS PLC
VERITAS IZOARD FUND

INVESTMENT MANAGER'S REPORT
(CONTINUED)

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Ørsted - at the other end of the narrative spectrum the Fund has a stake in the Danish wind power company, Ørsted. This company was previously called Dong Energy and was primarily a traditional oil and gas exploration and production company. Under new management, the company decided to exit oil and gas and focus on renewable energy, in the process becoming the world's largest offshore wind power generator. Being early in the development of large offshore wind farms gave Ørsted a significant advantage in terms of both government subsidies and the development of expertise (effectively the expertise was subsidised by Governments). As a consequence, the costs of wind farm projects have come down much more rapidly than even industry experts expected. However, Ørsted still retains the large subsidies (often for up to 20 years) on the projects it has been contracted for (many of which are still under construction and therefore benefiting from the lower costs). This has led to a large increase in the value of each of these wind farms that was not reflected in the valuation of Ørsted when we entered the position in 2017. This narrative is now well known and the valuation of Ørsted now reflects the “supernormal” value of the contracts it has won with the share price having increased around 50% since our purchase last year despite earnings that have been in line with our expectations at the time. This increase in valuation not only reflects the value of contracts won but also partially reflects the value of contracts the company is yet to win (in particular in Taiwan and the US) indicating just how much the “narrative” on Ørsted has changed over our holding period of around a year. While we (with others) believe that the company is well placed to win some of these large new contracts as a result of their expertise and track record, it is clear that the valuation is now more speculative than at purchase.

The Taiwanese project, however, could be a significant source of further “supernormal” profits and it is clear that only a fraction of this value is currently priced into the shares such that on a risk-adjusted basis we continue to believe they are an attractive investment.

VERITAS FUNDS PLC
VERITAS IZOARD FUND
INVESTMENT MANAGER'S REPORT
(CONTINUED)

Longer term perspective

The last six months have been difficult in terms of performance relative to an equity index with the Fund delivering a return of -3.0% (VIF USD C Class) and the OECD G7 CPI+8% p.a. delivering 5.1%. This result, while disappointing in the short-term, seems exacerbated by the poor share price performance of a number of holdings that are suffering from a negative “narrative” but operational performance remains on track. Over time we would anticipate that the value from these positions will be realised for the Fund and our investors.

¹ This must be the main financial aim. Asset managers also play an important role in aggregating and allocating capital in a way that doesn't cause harm (however defined) and being a good steward of the investments that we make on behalf of our clients. Neither of these objectives should be in conflict with the first.

VERITAS FUNDS PLC

VERITAS ASIAN FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Asset Value
Equities			
Australia			
3,500,000	ALS	19,920,288	1.24
2,750,000	Aristocrat Leisure	50,751,862	3.16
1,800,000	BHP Billiton	38,949,264	2.42
7,475,676	Boral	42,662,576	2.66
367,459	CSL	43,817,866	2.73
700,000	Rio Tinto	39,035,174	2.43
5,000,000	Sydney Airport	25,734,527	1.60
4,500,000	Treasury Wine Estates	58,196,083	3.62
		319,067,640	19.86
China			
278,915	Alibaba Group	51,192,059	3.19
12,500,000	Brilliance China	26,088,452	1.62
20,000,000	Changsha Zoomlion	7,644,968	0.48
300,000	Ctrip.Com International	13,986,000	0.87
6,000,000	Ping An Insurance Group Company of China	61,006,842	3.80
3,000,000	Sunny Optical Technology	55,387,791	3.45
720,000	TAL Education Group	26,704,800	1.66
1,362,500	Tencent Holdings	71,108,393	4.42
		313,119,305	19.49
Hong Kong			
7,500,000	AIA Group	63,453,232	3.95
12,500,000	China Everbright International	17,519,717	1.09
21,000,000	CSPC Pharmaceutical	55,789,152	3.47
1,200,000	Hang Seng Bank	27,766,523	1.73
3,600,000	Prada	16,627,805	1.03
		181,156,429	11.27
India			
621,469	Apollo Hospitals Enterprise	10,144,583	0.63
1,000,000	Asian Paints	17,178,332	1.07
2,200,000	Axis Bank	17,219,729	1.07
1,500,000	Godrej Consumer Products	25,152,288	1.57
956,200	HDFC Bank	27,651,668	1.72
250,000	HDFC Bank ADR	24,692,500	1.54
1,750,000	Indusind Bank	48,209,607	3.00
		170,248,707	10.60

VERITAS FUNDS PLC

VERITAS ASIAN FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018
(CONTINUED)

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Asset Value
Equities (continued)			
Indonesia			
14,000,000	Bank Central Asia	23,693,481	1.47
		23,693,481	1.47
Luxembourg			
5,500,000	JP Morgan US Dollar Liquidity Fund	5,500,000	0.34
		5,500,000	0.34
Singapore			
1,500,000	Venture	32,155,113	2.00
		32,155,113	2.00
South Korea			
39,015	LG Household & Healthcare	43,630,622	2.72
50,000	N C Soft	19,232,574	1.20
50,000	Samsung Biologics	22,797,636	1.42
20,000	Samsung Electronics	46,008,068	2.86
		131,668,900	8.20
Taiwan			
2,500,000	Hon Hai Precision Industry Company	7,716,843	0.48
6,502,000	Taiwan Semiconductor Manufacturing	54,411,908	3.39
		62,128,751	3.87
Thailand			
21,000,000	CP All	58,426,607	3.64
3,300,000	Kasikornbank	22,372,881	1.39
		80,799,488	5.03
	Total Equities¹	1,319,537,814	82.13

VERITAS FUNDS PLC

VERITAS ASIAN FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018
(CONTINUED)

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Asset Value
Equity Warrants*			
China			
4,199,833	Gree Electric Appliances (Warrant 16/07/2018)	31,440,172	1.96
6,249,627	Hangzhou (Warrant 20/06/2018)	41,222,490	2.57
800,000	Hangzhou HIK Vision Digital (Warrant 18/01/2019)	5,276,794	0.33
999,858	Han's Laser Technology (Warrant 11/03/2019)	8,406,708	0.52
4,131,496	Jiangsu Hengrui Medicine (Warrant 21/11/2018)	54,371,293	3.38
2,999,920	Midea Group (Warrant 13/05/2019)	26,367,368	1.64
		167,084,825	10.40
	Total Equity Warrants¹	167,084,825	10.40
Unrealised Gain on Contracts for Difference**			
China			
1,000,000	Midea group	49,657	0.00
500,000	Jiangsu Hengrui Medicine	749,198	0.05
		798,855	0.05
	Total Unrealised Gain on Contracts for Difference²	798,855	0.05
	Total Financial assets at Fair Value through Profit or Loss	1,487,421,494	92.58
	Financial liabilities at Fair Value through Profit Or Loss		
Unrealised Loss on Contracts for Difference**			
China			
459,990	Kweichow Moutai	(3,194,444)	(0.20)
700,000	Hangzhou	(256,136)	(0.01)
		(3,450,580)	(0.21)
	Total Unrealised Loss on Contracts for Difference²	(3,450,580)	(0.21)

VERITAS FUNDS PLC

VERITAS ASIAN FUND

UNAUDITED SCHEDULE OF INVESTMENTS

AS AT 31 MARCH 2018

(CONTINUED)

Holdings	Financial liabilities at fair value through profit or loss	Fair Value USD	% of Net Asset Value
Unrealised Loss on Forward Currency Contract***#			
	USD 100,000,000 / CNY 642,850,000 11/02/2019	(756,502)	(0.05)
		(756,502)	(0.05)
	Total Unrealised Loss on Contracts for Difference	(756,502)	(0.05)
	Total Financial liabilities at Fair Value through Profit or Loss	(4,207,082)	(0.26)
	Net Financial assets and liabilities at Fair Value through Profit or Loss	1,483,214,412	92.32
	Other Net Assets	123,447,112	7.68
	Net assets attributable to Holders of Redeemable Participating Shares	1,606,661,524	100.00

*The counterparties for the warrants are UBS and Morgan Stanley.

**The counterparty for the contracts for difference is Morgan Stanley.

***The counterparty for the forward currency contract is Brown Brothers Harriman.

Analysis of Net Investments		% of Total Assets
¹ Transferable securities admitted to an official stock exchange listing	1,486,622,639	91.40
² Financial derivative instruments traded over-the-counter	798,855	0.05

#Forward Contracts are held at Class level for hedging

VERITAS FUNDS PLC

VERITAS GLOBAL FOCUS FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Asset Value
	Equities		
	Australia		
6,011,604	Sonic Healthcare	105,504,274	3.16
		105,504,274	3.16
	China		
373,878	Baidu	83,445,831	2.50
		83,445,831	2.50
	Denmark		
1,001,742	Dong Energy	64,789,530	1.94
		64,789,530	1.94
	France		
1,410,008	Airbus Group	162,658,482	4.88
968,960	Safran SA	102,460,292	3.08
1,088,669	Unilever	61,415,345	1.84
		326,534,119	9.80
	Hong Kong		
9,421,780	RREEF China Commercial #	-	-
		-	-
	Israel		
730,089	Check point Software Technology	72,527,041	2.18
		72,527,041	2.18
	Luxembourg		
5,000,000	JP Morgan US Dollar Liquidity Fund	5,000,000	0.15
		5,000,000	0.15
	Spain		
375,858	Aena SA	75,647,069	2.27
		75,647,069	2.27
	Sweden		
799,516	Millicom International Cellular SA	54,368,386	1.63
		54,368,386	1.63
	# Unquoted security		

VERITAS FUNDS PLC

VERITAS GLOBAL FOCUS FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018
(CONTINUED)

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Asset Value
Equities (continued)			
United Kingdom			
15,220,650	Capita Group	30,756,876	0.92
2,344,322	London Stock Exchange Group	135,688,250	4.07
266,902	Reckitt Benckiser	22,591,907	0.68
10,900,374	Rolls Royce	133,276,744	4.00
		322,313,777	9.67
United States			
643,322	Allergan	108,264,659	3.25
103,404	Alphabet	107,244,425	3.22
2,071,038	American Express	193,186,425	5.79
1,765,247	Baxter International	114,811,665	3.44
494,177	Black Knight	23,275,737	0.70
609,470	Cerner	35,349,260	1.06
458,260	Charter Communications	142,619,677	4.28
417,492	Cigna	70,030,108	2.10
5,865,076	Comcast	200,409,647	6.01
1,856,240	CVS Caremark	115,476,690	3.46
1,516,157	Dentsply Sirona	76,277,859	2.29
558,371	Express Scripts Holdings	38,572,269	1.16
402,900	Facebook	64,379,391	1.93
1,417,774	Microsoft	129,400,233	3.88
1,412,555	Oracle	64,624,391	1.94
2,062,247	QUALCOMM	114,269,106	3.43
603,022	Thermo Fisher Scientific	124,499,922	3.74
531,301	United Health Group	113,698,414	3.41
359,082	Waters	71,331,639	2.14
		1,907,721,517	57.23
	Total Equities¹	3,017,851,544	90.53
	Total Financial assets at Fair Value through Profit or Loss	3,017,851,544	90.53

VERITAS FUNDS PLC

VERITAS GLOBAL FOCUS FUND

**UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018
(CONTINUED)**

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Asset Value
	Net Financial assets and liabilities at Fair Value through Profit or Loss	3,017,851,544	90.53
	Other Net Assets	315,828,907	9.47
	Net assets attributable to Holders of Redeemable Participating Shares	3,333,680,451	100.00
	Analysis of Net Investments		% of Total Assets
	¹ Transferable securities admitted to an official stock exchange listing or dealt in on another regulated market.	3,017,851,544	89.11

VERITAS FUNDS PLC
VERITAS GLOBAL EQUITY INCOME FUND
UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP	% of Net Asset Value
	Equities		
	Australia		
2,033,300	Sonic Healthcare	25,438,139	3.90
		25,438,139	3.90
	France		
484,200	Airbus Group	39,818,416	6.10
295,800	Safran SA	22,297,284	3.41
586,800	Sanofi	33,609,273	5.15
143,500	Unibail Rodamco	23,356,255	3.58
299,811	Unilever	12,056,816	1.84
		131,138,044	20.08
	Hong Kong		
9,738,050	RREEF China Commercial #	-	-
		-	-
	Italy		
1,904,300	ENI	23,854,107	3.65
		23,854,107	3.65
	Singapore		
18,919,400	Ascendas Real Estate Investment Trust	27,049,871	4.14
14,282,237	Fortune Real Estate Investment Trust	12,596,333	1.93
75,287,635	Netlink NBN Trust	33,356,722	5.11
15,315,400	Singapore Telecommunications	28,058,234	4.29
2,265,600	United Overseas Bank	33,870,221	5.19
		134,931,381	20.66
	Spain		
170,200	Aena SA	24,419,227	3.74
1,506,300	Red Electrica Corporacion	22,093,462	3.38
		46,512,689	7.12
	Sweden		
658,900	Millicom International Cellular SA	31,940,598	4.89
		31,940,598	4.89
	Switzerland		
289,100	Novartis	16,627,348	2.55
		16,627,348	2.55

VERITAS FUNDS PLC

VERITAS GLOBAL EQUITY INCOME FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018
(CONTINUED)

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP	% of Net Asset Value
Equities (continued)			
United Kingdom			
5,204,192	BP	24,941,090	3.82
484,200	British American Tobacco	20,002,302	3.06
5,655,100	Capita Group	8,146,171	1.25
10,996,040	Convatec group	21,893,116	3.35
342,400	London Stock Exchange Group	14,127,424	2.17
73,390	Reckitt Benckiser	4,428,353	0.68
		93,538,456	14.33
United States			
366,100	CVS Caremark	16,235,444	2.49
196,100	Microsoft	12,758,802	1.95
1,212,000	Pfizer	30,662,874	4.70
776,200	QUALCOMM	30,659,568	4.70
712,400	Welltower	27,641,811	4.23
		117,958,499	18.07
	Total Equities¹	621,939,261	95.25
Bond			
United States			
386,000	Stericycle 5.25% 15/09/2018	12,448,417	1.91
		12,448,417	1.91
	Total Bond¹	12,448,417	1.91
Unrealised Gain on Forward Currency Contracts*^{2#}			
	GBP 55,378 / USD 76,344 06/04/2018	972	-
	GBP 37,883 / USD 52,936 06/04/2018	158	-
	GBP 57,455 / USD 80,489 06/04/2018	95	-
	USD 63,704 / GBP 45,004 06/04/2018	394	-
		1,619	-
	Total Financial assets at Fair Value through Profit or Loss	634,389,297	97.16

VERITAS FUNDS PLC

VERITAS GLOBAL EQUITY INCOME FUND

UNAUDITED SCHEDULE OF INVESTMENTS

AS AT 31 MARCH 2018

(CONTINUED)

Holdings	Financial liabilities at fair value through profit or loss	Fair Value GBP	% of Net Asset Value
Unrealised Loss on Forward Currency Contracts*#			
	GBP 48,581 / USD 68,481 06/04/2018	(221)	-
	GBP 52,923 / USD 75,367 06/04/2018	(786)	-
	USD 127,507 / GBP 92,465 06/04/2018	(1,599)	-
	USD 4,565,320 / GBP 3,311,211 06/04/2018	(57,812)	(0.01)
	USD 74,553 / GBP 53,614 06/04/2018	(485)	-
		(60,903)	(0.01)
Total Financial liabilities at Fair Value through Profit or Loss		(60,903)	(0.01)
Net Financial assets and liabilities at Fair Value through Profit or Loss		634,328,394	97.15
Other Net Assets		18,635,028	2.85
Net assets attributable to Holders of Redeemable Participating Shares		652,963,422	100.00

*The counterparty for the forward currency contracts is Brown Brothers Harriman.

Analysis of Net Investments		% of Total Assets
¹ Transferable securities admitted to an official stock exchange listing or dealt in on another regulated market	634,387,678	95.07
² Financial derivative instruments traded over-the-counter	1,619	-

#Forward Contracts are held at Class level for hedging

VERITAS FUNDS PLC

VERITAS CHINA FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Asset Value
Equities			
China			
30,000	AAC Technologies	541,264	2.31
20,000	Bitauto Holdings	423,000	1.81
100,000	BYD	779,787	3.33
11,000	China Lodging Group	1,448,810	6.19
1,000,000	China Molybdenum	754,303	3.22
80,000	Ping An Insurance Group Company of China	813,425	3.47
180,000	Shanghai Fosun Pharmaceutical Group	1,105,462	4.72
1,000,000	Sinopec Shanghai Petro	607,775	2.60
50,000	Sunny Optical Technology	923,130	3.94
40,000	TAL Education Group	1,483,601	6.33
650,000	Tingyi	1,348,317	5.76
100,000	Zhuzhou CSR Times Electric	484,181	2.07
		10,713,055	45.75
Hong Kong			
200,000	AIA Group	1,692,086	7.22
450,000	CSPC Pharmaceutical	1,195,482	5.11
200,000	Dah Sing Banking Group	436,273	1.86
500,000	Shangri-La Asia	1,006,588	4.30
500,000	Xingda International Holdings	168,826	0.72
		4,499,255	19.21
	Total Equities¹	15,212,310	64.95
Bond			
China			
583,000	Ctrip.com International 1.25% 15/09/2022	607,072	2.59
		607,072	2.59
	Total Bond¹	607,072	2.59
Equity Warrants*			
China			
150,000	Aier Eye Hospital (Warrant 29/01/2019)	953,876	4.07
99,986	Han's Laser Technology (Warrant 11/03/2019)	840,672	3.59
		1,794,548	7.66
	Total Equity Warrants¹	1,794,548	7.66

VERITAS FUNDS PLC

VERITAS CHINA FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018
(CONTINUED)

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Asset Value
	Unrealised Gain on Contracts for Difference**		
	China		
(100,000)	China Mobile	10,193	0.04
		10,193	0.04
	Total Unrealised Gain on Contracts for Difference²		
	Unrealised Gain on Forward Currency Contracts***²		
	EUR 1,227 / USD 1,506 06/04/2018	4	-
	EUR 6,017 / USD 7,384 06/04/2018	19	-
	GBP 00 / USD 00 06/04/2018	-	-
	GBP 04 / USD 05 06/04/2018	-	-
	GBP 10,413 / USD 14,588 06/04/2018	24	-
	GBP 13,564 / USD 18,795 06/04/2018	239	-
	GBP 196 / USD 272 06/04/2018	3	-
	GBP 28 / USD 40 06/04/2018	-	-
	GBP 32 / USD 44 06/04/2018	-	-
	GBP 4,527,876 / USD 6,242,793 06/04/2018	110,931	0.47
	GBP 599 / USD 835 06/04/2018	5	-
	GBP 63,093 / USD 88,389 06/04/2018	147	-
	GBP 79,185 / USD 109,967 06/04/2018	1,148	0.01
	GBP 8,090 / USD 11,235 06/04/2018	117	-
	GBP 812,195 / USD 1,119,811 06/04/2018	19,898	0.09
	USD 00 / GBP 00 06/04/2018	-	-
	USD 1,216 / EUR 986 06/04/2018	3.00	-
	USD 1,439 / GBP 1,017 06/04/2018	11	-
	USD 1,908 / EUR 1,544 06/04/2018	9	-
	USD 10,147 / EUR 8,208 06/04/2018	47	-
	USD 110,890 / GBP 78,301 06/04/2018	1,014	0.01
	USD 15,110 / GBP 10,719 06/04/2018	69	-
	USD 15,678 / EUR 12,699 06/04/2018	52	-
	USD 171,500 / GBP 121,518 06/04/2018	980	-
	USD 19 / GBP 14 06/04/2018	-	-
	USD 19,006 / GBP 13,420 06/04/2018	174	-
	USD 2,936 / EUR 2,379 06/04/2018	10	-
	USD 29,336 / GBP 20,786 06/04/2018	168	-
	USD 3,279 / GBP 2,318 06/04/2018	26	-
	USD 3,392 / GBP 2,403 06/04/2018	20	-
	USD 4,125 / GBP 2,920 06/04/2018	28	-
	USD 4,586 / EUR 3,701 06/04/2018	32	-
	USD 4,931 / EUR 3,997 06/04/2018	13	-

VERITAS FUNDS PLC

VERITAS CHINA FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018
(CONTINUED)

Holdings	Financial liabilities at fair value through profit or loss	Fair Value USD	% of Net Asset Value
Unrealised Gain on Forward Currency Contracts***² (continued)			
	USD 42 / GBP 30 06/04/2018	-	-
	USD 5,407 / EUR 4,380 06/04/2018	18	-
	USD 7,473 / GBP 5,315 06/04/2018	15	-
	USD 8,692 / GBP 6,181 06/04/2018	19	-
	USD 867 / EUR 702 06/04/2018	3	-
	USD 87,715 / GBP 62,225 06/04/2018	398	-
		135,644	0.58
Total Financial assets at Fair Value through Profit or Loss		17,759,767	75.83
Financial liabilities at Fair Value through Profit or Loss			
Unrealised Loss on Contracts for Difference**			
China			
79,993	Jiangsu Hengrui Medicine	(53,193)	(0.23)
13,000	Kweichow Moutai	(92,348)	(0.39)
149,975	Hangzhou	(63,621)	(0.27)
		(209,162)	(0.89)
Total Unrealised Loss on Contracts for Difference		(209,162)	(0.89)
Unrealised Loss on Forward Currency Contracts***			
	EUR 1,033 / USD 1,282 06/04/2018	(11)	-
	EUR 22,000 / USD 27,290 06/04/2018	(219)	-
	EUR 354,925 / USD 438,357 06/04/2018	(1,620)	(0.01)
	EUR 4,220 / USD 5,209 06/04/2018	(16)	-
	EUR 4,517 / USD 5,582 06/04/2018	(24)	-
	EUR 5,498 / USD 6,826 06/04/2018	(60)	-
	EUR 56,959 / USD 70,349 06/04/2018	(260)	-
	EUR 7,552 / USD 9,332 06/04/2018	(40)	-
	EUR 867 / USD 1,071 06/04/2018	(5)	-
	EUR 969 / USD 1,198 06/04/2018	(5)	-
	GBP 100 / USD 142 06/04/2018	(2)	-
	GBP 5,463 / USD 7,711 06/04/2018	(46)	-
	GBP 5,902 / USD 8,401 06/04/2018	(119)	-
	GBP 53 / USD 76 06/04/2018	(1)	-
	GBP 53,853 / USD 76,230 06/04/2018	(661)	(0.01)

VERITAS FUNDS PLC

VERITAS CHINA FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018
(CONTINUED)

Holdings	Financial liabilities at fair value through profit or loss	Fair Value USD	% of Net Asset Value
Unrealised Loss on Forward Currency Contracts***² (continued)			
	GBP 59 / USD 85 06/04/2018	(1)	-
	GBP 9,139 / USD 12,936 06/04/2018	(112)	-
	GBP 92 / USD 130 06/04/2018	(1)	-
	USD 1,498 / EUR 1,218 06/04/2018	(1)	-
	USD 1,515 / GBP 1,080 06/04/2018	(1)	-
	USD 168,589 / GBP 122,256 06/04/2018	(2,967)	(0.01)
	USD 19,317 / GBP 14,012 06/04/2018	(345)	-
	USD 30,033 / GBP 21,779 06/04/2018	(528)	-
	USD 66,531 / GBP 47,588 06/04/2018	(246)	-
	USD 7,953 / EUR 6,465 06/04/2018	(3)	-
	USD 701 / GBP 500 06/04/2018	(1)	-
		(7,295)	(0.03)
	Financial liabilities at Fair Value through Profit or Loss	(216,457)	(0.92)
	Net Financial assets and liabilities at Fair Value through Profit or Loss	17,543,310	74.91
	Other Net Assets	5,876,597	25.09
	Net assets attributable to Holders of Redeemable Participating Shares	23,419,907	100.00

*The counterparty for the warrants is UBS.

**The counterparty for the contracts for difference is UBS and Morgan Stanley.

***The counterparties for the forward currency contracts is Brown Brothers Harriman.

Analysis of Net Investments

¹Transferable securities admitted to an official stock exchange listing or dealt in on another regulated market

²Financial derivative instruments traded over-the-counter

	% of Total Assets
17,613,930	73.14
145,837	0.61

[#]Forward Contracts are held at Class level for hedging

VERITAS FUNDS PLC

VERITAS GLOBAL REAL RETURN FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP	% of Net Asset Value
	Equities		
	Australia		
522,916	Sonic Healthcare	6,542,079	3.16
		6,542,079	3.16
	Canada		
61,000	Franco-Nevada	2,973,902	1.44
		2,973,902	1.44
	China		
32,109	Baidu	5,108,645	2.47
		5,108,645	2.47
	Denmark		
73,796	Dong Energy	3,402,405	1.64
		3,402,405	1.64
	France		
122,580	Airbus Group	10,080,424	4.87
85,400	Safran SA	6,437,417	3.11
95,572	Unilever	3,843,402	1.85
		20,361,243	9.83
	Hong Kong		
4,654,000	RREEF China Commercial #	-	0.00
		-	0.00
	Israel		
70,021	Check point Software Technology	4,958,573	2.39
		4,958,573	2.39
	Spain		
25,410	Aena SA	3,645,667	1.76
		3,645,667	1.76
	Sweden		
37,317	Millicom International Cellular SA	1,808,965	0.87
		1,808,965	0.87

VERITAS FUNDS PLC

VERITAS GLOBAL REAL RETURN FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018
(CONTINUED)

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP	% of Net Asset Value
Equities (continued)			
United Kingdom			
995,500	Capita Group	1,434,018	0.69
2,300,692	Convatec group	4,580,678	2.21
175,600	London Stock Exchange Group	7,245,256	3.50
23,614	Reckitt Benckiser	1,424,869	0.69
899,559	Rolls Royce	7,840,556	3.79
		22,525,377	10.88
United States			
61,200	Allergan	7,341,993	3.55
8,700	Alphabet	6,432,220	3.11
176,900	American Express	11,763,068	5.68
99,600	Baxter International	4,617,896	2.23
42,414	Black Knight	1,424,080	0.69
56,000	Cerner	2,315,369	1.12
38,199	Charter Communications	8,474,688	4.09
36,397	Cigna	4,352,176	2.10
528,900	Comcast	12,883,172	6.22
159,600	CVS Caremark	7,077,784	3.42
129,497	Dentsply Sirona	4,644,279	2.24
54,468	Express Scripts Holdings	2,682,242	1.30
35,000	Facebook	3,986,776	1.93
125,500	Microsoft	8,165,373	3.94
121,100	Oracle	3,949,476	1.91
180,500	QUALCOMM	7,129,673	3.44
52,100	Thermo Fisher Scientific	7,667,926	3.70
46,400	United Health Group	7,078,415	3.42
28,000	Waters	3,965,070	1.91
		115,951,676	56.00
	Total Equities¹	187,278,532	90.44
Unrealised Gain on Forward Currency Contracts*^{2#}			
	EUR 1,857 / GBP 1,627 06/04/2018	1	-
	EUR 12,924 / GBP 11,296 06/04/2018	37	-
	EUR 135,532 / GBP 118,828 06/04/2018	20	-
	EUR 137,061 / GBP 120,169 06/04/2018	20	-
	EUR 48,522 / GBP 42,542 06/04/2018	7	-
	EUR 556 / GBP 486 06/04/2018	1	-
	GBP 1,217 / EUR 1,367 06/04/2018	18	-
	GBP 1,731 / USD 2,422 06/04/2018	5	-
	GBP 108,400 / EUR 121,697 06/04/2018	1,684	-

VERITAS FUNDS PLC

VERITAS GLOBAL REAL RETURN FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018
(CONTINUED)

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP	% of Net Asset Value
Unrealised Gain on Forward Currency Contracts*^{2#}			
(continued)			
	GBP 12,012 / USD 16,591 06/04/2018	189	-
	GBP 126 / USD 175 06/04/2018	1	-
	GBP 162,707 / EUR 182,761 06/04/2018	2,444	-
	GBP 164,684 / USD 227,034 06/04/2018	2,892	-
	GBP 174 / USD 242 06/04/2018	1	-
	GBP 187 / USD 262 06/04/2018	-	-
	GBP 19,241 / USD 26,690 06/04/2018	221	-
	GBP 191,225 / USD 267,892 06/04/2018	317	-
	GBP 205,170 / USD 285,949 06/04/2018	1,394	-
	GBP 23,278 / USD 32,203 06/04/2018	329	-
	GBP 247 / USD 342 06/04/2018	3	-
	GBP 25,548 / EUR 28,802 06/04/2018	291	-
	GBP 26,148 / EUR 29,211 06/04/2018	533	-
	GBP 260,728 / USD 359,442 06/04/2018	4,578	0.01
	GBP 265 / USD 368 06/04/2018	3	-
	GBP 28,737 / USD 40,000 06/04/2018	232	-
	GBP 30,262 / USD 41,992 06/04/2018	337	-
	GBP 30,931 / EUR 35,029 06/04/2018	215	-
	GBP 327,665 / USD 459,033 06/04/2018	543	-
	GBP 343 / USD 476 06/04/2018	4	-
	GBP 352,107 / USD 490,737 06/04/2018	2,392	-
	GBP 38 / USD 53 06/04/2018	-	-
	GBP 39 / EUR 44 06/04/2018	1	-
	GBP 39,105 / USD 54,276 06/04/2018	425	-
	GBP 48,299 / USD 66,585 06/04/2018	848	-
	GBP 494,636 / USD 688,504 06/04/2018	3,985	-
	GBP 57,476 / USD 80,519 06/04/2018	95	-
	GBP 6,066 / USD 8,419 06/04/2018	66	-
	GBP 61,922 / USD 86,301 06/04/2018	421	-
	GBP 62,402 / EUR 71,068 06/04/2018	82	-
	GBP 64,024 / EUR 71,712 06/04/2018	1,140	-
	GBP 71,839 / EUR 80,253 06/04/2018	1,465	-
	GBP 73,027 / EUR 82,329 06/04/2018	832	-
	GBP 84,396 / EUR 95,147 06/04/2018	962	-
	USD 108,821 / GBP 76,877 06/04/2018	672	-
	USD 211,500 / GBP 150,393 06/04/2018	329	-
	USD 291 / GBP 207 06/04/2018	-	-
	USD 31 / GBP 22 06/04/2018	-	-
	USD 363,079 / GBP 256,499 06/04/2018	2,243	-
	USD 441 / GBP 311 06/04/2018	4	-
	USD 445,021 / GBP 313,388 06/04/2018	3,748	-
	USD 653,153 / GBP 461,424 06/04/2018	4,035	-
	USD 672,021 / GBP 475,676 06/04/2018	3,228	-
	USD 780,021 / GBP 551,462 06/04/2018	4,407	0.01
		47,700	0.02

VERITAS FUNDS PLC

VERITAS GLOBAL REAL RETURN FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018
(CONTINUED)

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP	% of Net Asset Value
	Future Contracts**³		
(85)	CME S&P 500 Index Future June 2018	1,965,489	0.95
(670)	EUX EURO Stoxx 50 Future June 2018	240,829	0.12
(165)	ICF FTSE 100 Future June 2018	129,525	0.06
		2,335,843	1.13
	Total Financial assets at Fair Value through Profit or Loss	189,662,075	91.59
	Financial liabilities at Fair Value through Profit or Loss		
	Unrealised Loss on Forward Currency Contracts*[#]		
	EUR 10,000 / GBP 8,937 06/04/2018	(168)	-
	EUR 126,118 / GBP 112,921 06/04/2018	(2,328)	-
	EUR 138,874 / GBP 123,544 06/04/2018	(1,765)	-
	EUR 140,031 / GBP 125,377 06/04/2018	(2,584)	-
	EUR 151 / GBP 133 06/04/2018	(1)	-
	EUR 2,089 / GBP 1,872 06/04/2018	(41)	-
	EUR 2,808,251 / GBP 2,515,357 06/04/2018	(52,804)	(0.03)
	EUR 246,463 / GBP 220,915 06/04/2018	(4,791)	-
	EUR 33,242 / GBP 29,573 06/04/2018	(423)	-
	EUR 41,218 / GBP 36,905 06/04/2018	(761)	-
	EUR 62 / GBP 55 06/04/2018	(1)	-
	EUR 7,812,970 / GBP 6,998,096 06/04/2018	(146,908)	(0.07)
	EUR 9,600,893 / GBP 8,599,544 06/04/2018	(180,527)	(0.09)
	EUR 9,667 / GBP 8,583 06/04/2018	(107)	-
	EUR 920 / GBP 808 06/04/2018	(1)	-
	EUR 94,503 / GBP 84,071 06/04/2018	(1,201)	-
	GBP 1,323,087 / EUR 1,513,760 06/04/2018	(4,328)	-
	GBP 1,471 / EUR 1,678 06/04/2018	(1)	-
	GBP 106,763 / EUR 122,314 06/04/2018	(494)	-
	GBP 113,609 / EUR 129,894 06/04/2018	(296)	-
	GBP 114,993 / EUR 131,477 06/04/2018	(299)	-
	GBP 115,282 / EUR 131,633 06/04/2018	(146)	-
	GBP 133,804 / EUR 152,781 06/04/2018	(170)	-
	GBP 146,496 / USD 206,752 06/04/2018	(842)	-
	GBP 162,100 / EUR 185,001 06/04/2018	(128)	-
	GBP 162,851 / USD 230,629 06/04/2018	(1,503)	-
	GBP 211,418 / USD 298,023 06/04/2018	(963)	-
	GBP 245,564 / USD 349,705 06/04/2018	(3,647)	-
	GBP 26,715 / EUR 30,594 06/04/2018	(113)	-
	GBP 263,682 / USD 372,138 06/04/2018	(1,516)	-
	GBP 28,773 / USD 40,464 06/04/2018	(63)	-

VERITAS FUNDS PLC

VERITAS GLOBAL REAL RETURN FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018
(CONTINUED)

Holdings	Financial liabilities at fair value through profit or loss	Fair Value GBP	% of Net Asset Value
Unrealised Loss on Forward Currency Contracts*#			
(continued)			
	GBP 286,623 / USD 405,914 06/04/2018	(2,645)	-
	GBP 29,567 / USD 41,571 06/04/2018	(58)	-
	GBP 35,075 / EUR 40,184 06/04/2018	(162)	-
	GBP 367,357 / USD 517,841 06/04/2018	(1,674)	-
	GBP 40,401 / EUR 46,132 06/04/2018	(51)	-
	GBP 40,843 / EUR 46,698 06/04/2018	(106)	-
	GBP 42,600 / USD 60,493 06/04/2018	(510)	-
	GBP 43,724 / EUR 49,993 06/04/2018	(115)	-
	GBP 44,025 / USD 62,133 06/04/2018	(253)	-
	GBP 441,929 / USD 629,345 06/04/2018	(6,563)	-
	GBP 48,901 / USD 69,253 06/04/2018	(451)	-
	GBP 53,251 / EUR 60,760 06/04/2018	(30)	-
	GBP 63,337 / USD 89,282 06/04/2018	(289)	-
	GBP 73,905 / USD 105,248 06/04/2018	(1,098)	-
	GBP 74,485 / EUR 85,302 06/04/2018	(316)	-
	GBP 75,796 / EUR 86,803 06/04/2018	(322)	-
	GBP 99,428 / EUR 113,910 06/04/2018	(460)	-
	USD 109 / GBP 79 06/04/2018	(2)	-
	USD 169 / GBP 123 06/04/2018	(2)	-
	USD 179,915 / GBP 130,470 06/04/2018	(2,256)	-
	USD 20,917 / GBP 14,920 06/04/2018	(14)	-
	USD 21,622,035 / GBP 15,682,388 06/04/2018	(273,806)	(0.14)
	USD 249,499 / GBP 179,658 06/04/2018	(1,857)	-
	USD 34,527,107 / GBP 25,042,393 06/04/2018	(437,227)	(0.22)
	USD 4,200 / GBP 3,041 06/04/2018	(48)	-
	USD 414,337 / GBP 298,354 06/04/2018	(3,083)	-
	USD 422,021 / GBP 302,650 06/04/2018	(1,904)	-
	USD 549,021 / GBP 391,623 06/04/2018	(373)	-
	USD 598,629 / GBP 434,110 06/04/2018	(7,508)	-
	USD 6,227,852 / GBP 4,517,040 06/04/2018	(78,865)	(0.04)
	USD 66 / GBP 48 06/04/2018	(1)	-
	USD 74,330 / GBP 53,523 06/04/2018	(553)	-
	USD 827,069 / GBP 596,253 06/04/2018	(6,856)	-
	USD 941,318 / GBP 682,620 06/04/2018	(11,805)	(0.01)
		(1,250,183)	(0.60)
	Total Financial liabilities at Fair Value through Profit or Loss	(1,250,183)	(0.60)

VERITAS FUNDS PLC

VERITAS GLOBAL REAL RETURN FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018
(CONTINUED)

Holdings	Financial liabilities at fair value through profit or loss	Fair Value USD	% of Net Asset Value
	Net Financial assets and liabilities at Fair Value through Profit or Loss	188,411,892	90.99
	Other Net Assets	18,658,826	9.01
	Net assets attributable to Holders of Redeemable Participating Shares	207,070,718	100.00

*The counterparty for the forward currency contracts is Brown Brothers Harriman.

**The counterparty for the future contracts is UBS

Analysis of Net Investments		% of Total Assets
¹ Transferable securities admitted to an official stock exchange listing or dealt in on another regulated market	187,278,532	87.80
² Financial derivative instruments traded over-the-counter	47,700	0.02
³ Financial derivative instruments dealt on a regulated market	2,335,843	1.10

#Forward Contracts are held at Class level for hedging

VERITAS FUNDS PLC

VERITAS IZOARD FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Asset Value
	Equities		
	Australia		
100,594	Sonic Healthcare	1,765,435	3.17
		1,765,435	3.17
	Denmark		
34,120	Dong Energy	2,206,775	3.96
		2,206,775	3.96
	France		
16,500	Safran SA	1,744,752	3.13
27,058	Unilever	1,526,429	2.74
		3,271,181	5.87
	Spain		
8,390	Aena SA	1,688,613	3.03
		1,688,613	3.03
	United Kingdom		
40,900	British American Tobacco	2,370,141	4.25
255,800	Capita Group	516,904	0.93
39,715	London Stock Exchange Group	2,298,686	4.12
6,615	Reckitt Benckiser	559,926	1.00
		5,745,657	10.30
	United States		
13,000	Allergan	2,187,770	3.92
1,800	Alphabet	1,866,852	3.35
36,000	American Express	3,358,080	6.02
11,959	Charter Communications	3,721,880	6.68
114,200	Comcast	3,902,214	7.00
34,200	CVS Caremark	2,127,582	3.81
23,500	Microsoft	2,144,845	3.85
46,500	QUALCOMM	2,576,565	4.62
		21,885,788	39.25
	Total Equities¹	36,563,449	65.58
	Total Financial assets at Fair Value through Profit or Loss	36,563,449	65.58

VERITAS FUNDS PLC

VERITAS IZOARD FUND

UNAUDITED SCHEDULE OF INVESTMENTS
AS AT 31 MARCH 2018
(CONTINUED)

Holdings	Financial assets at fair value through profit or loss	Fair Value USD	% of Net Asset Value
	Net Financial assets and liabilities at Fair Value through Profit or Loss	36,563,449	65.58
	Other Net Assets	19,186,764	34.42
	Net assets attributable to Holders of Redeemable Participating Shares	55,750,213	100.00
			% of Total Assets
	Analysis of Net Investments		
	¹ Transferable securities admitted to official stock exchange listing or dealt in on another regulated market	36,563,449	64.88

VERITAS FUNDS PLC

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	Veritas Asian Fund USD	Veritas Global Focus Fund USD	Veritas Global Equity Income Fund GBP	Veritas China Fund USD	Veritas Global Real Return Fund GBP	Veritas Izoard Fund USD	Total 2018 USD
ASSETS								
Financial assets at fair value through profit or loss	5	1,487,421,494	3,017,851,544	634,389,297	17,759,767	189,662,075	36,563,449	5,715,575,519
Cash and cash equivalents		111,412,626	299,716,794	26,824,973	6,297,394	16,013,501	19,524,009	497,044,634
Margin cash held with brokers		-	-	-	-	3,665,376	-	5,141,789
Due from brokers		-	46,881,075	3,571,551	80	1,480,737	155,677	54,124,182
Due from shareholders		24,380,433	18,804,834	929,321	23,234	2,287,123	-	47,720,529
Dividends receivable		3,216,042	2,022,242	816,796	-	158,823	52,735	6,659,617
Other debtors		15,293	1,391,977	752,107	647	31,121	62,513	2,569,142
TOTAL ASSETS		1,626,445,888	3,386,668,466	667,284,045	24,081,122	213,298,756	56,358,383	6,328,835,412
LIABILITIES								
Financial liabilities at fair value through profit or loss	5	4,207,082	-	60,903	216,457	1,250,183	-	6,262,730
Due to brokers		6,875,406	40,107,648	4,417,126	-	2,520,828	558,567	57,274,183
Due to shareholders		6,832,226	9,771,153	2,220,623	27,620	2,217,141	-	22,856,294
Management fee payable		1,118,007	2,163,493	462,716	19,290	162,668	22,452	4,200,531
Performance fee payable		-	-	-	369,154	-	-	369,154
Dividends payable	3	-	-	6,918,184	-	-	-	9,704,829
Other creditors		751,643	945,721	241,071	28,694	77,218	27,151	2,199,705
LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES)		19,784,364	52,988,015	14,320,623	661,215	6,228,038	608,170	102,867,426
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES	8	1,606,661,524	3,333,680,451	652,963,422	23,419,907	207,070,718	55,750,213	6,225,967,986

The notes on pages 60 to 77 form part of these financial statements.

VERITAS FUNDS PLC

AUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Note	Veritas Asian Fund USD	Veritas Global Focus Fund USD	Veritas Global Equity Income Fund GBP	Veritas China Fund USD	Veritas Global Real Return Fund GBP	Veritas Izoard Fund USD	Total 2017 USD
ASSETS								
Financial assets at fair value through profit or loss	5	761,435,892	3,304,626,885	1,032,349,179	13,217,101	195,519,374	38,711,514	5,765,361,236
Cash and cash equivalents		55,228,601	437,528,125	38,813,035	12,192,132	28,995,391	18,985,376	614,909,409
Margin cash held with brokers		-	-	-	-	3,521,869	-	4,725,116
Due from brokers	5	69,346	6,529,919	3,562	425	-	-	8,834,349
Due from shareholders		2,976,100	11,393,874	1,394,289	2,268	2,092,800	-	19,050,695
Dividends receivable		1,928,941	2,732,151	1,111,528	12,182	158,821	-	6,377,638
Other debtors		18,132	958,419	695,423	2,061	24,102	60,977	2,004,940
TOTAL ASSETS		821,587,671	3,757,308,800	1,080,893,373	25,429,306	230,312,782	57,757,867	6,421,263,383
LIABILITIES								
Financial liabilities at fair value through profit or loss	5	207,618	-	114,430	10,111	3,177,332	-	4,634,121
Due to brokers		6,571,697	-	4,695	319,692	-	-	6,897,688
Due to shareholders		2,012,171	33,699,291	2,199,027	-	1,140,052	-	40,191,337
Management fee payable		592,497	2,431,608	727,797	19,576	174,914	22,996	4,277,799
Performance fee payable		-	-	-	142,923	-	-	142,923
Dividends payable	3	4,441,686	1,861,144	25,264,677	19,147	85,720	298,691	40,632,028
Other creditors		763,108	1,145,505	394,213	375,287	76,876	19,957	2,935,894
LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES)		14,588,777	39,137,548	28,704,839	886,736	4,654,894	341,644	99,711,790
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES	8	806,998,894	3,718,171,252	1,052,188,534	24,542,570	225,657,888	57,416,223	6,321,551,593

The notes on pages 60 to 77 form part of these financial statements.

VERITAS FUNDS PLC

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018

Note	Veritas Asian Fund USD	Veritas Global Focus Fund USD	Veritas Global Equity Income Fund GBP	Veritas China Fund USD	Veritas Global Real Return Fund GBP	Veritas Izoard Fund USD	Total 2018 USD
INCOME							
Interest income	339,409	2,574,691	8,860	46,120	6,642	117,183	3,098,673
Dividend income	6,551,567	18,071,696	11,366,971	16,963	1,076,931	353,390	42,067,901
Other income	46,278	5,537	646	3,560	424	1,128	57,971
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	125,440,174	(56,193,545)	(48,495,192)	2,314,228	(14,897,080)	(1,944,836)	(17,364,553)
Net (loss)/gain on foreign exchange	(1,492,186)	(745,106)	268,453	(23,378)	191,003	9,478	(1,620,772)
TOTAL INVESTMENT INCOME/(LOSS)	130,885,242	(36,286,727)	(36,850,262)	2,357,493	(13,622,080)	(1,463,657)	26,239,220
EXPENSES							
Investment management fees	5,471,234	14,224,480	3,470,082	121,180	1,057,558	143,210	26,172,482
Performance fees	-	-	-	369,154	-	-	369,154
Administration fees	382,487	1,084,006	251,667	14,871	83,679	20,284	1,961,776
Depository fees	317,238	714,593	198,067	16,698	56,556	12,319	1,410,216
Directors' fees	3,197	14,006	3,834	92	844	216	23,930
Audit fees	7,217	32,460	8,917	213	1,939	502	55,288
Legal fees	45,619	32,803	4,459	490	3,712	443	90,566
Amortisation of formation expenses	-	-	-	-	-	1,357	1,357
Other expenses	240,007	170,379	66,761	18,123	61,930	18,629	623,714
TOTAL EXPENSES	6,466,999	16,272,727	4,003,787	540,821	1,266,218	196,960	30,708,483
NET INCOME/(LOSS)	124,418,243	(52,559,454)	(40,854,049)	1,816,672	(14,888,298)	(1,660,617)	(4,469,263)
FINANCE COSTS							
Distributions to redeemable participating shareholders	3	-	-	(6,915,216)	-	-	(9,488,372)
Interest expense	(536,783)	(47,984)	(12,295)	(19,820)	(71,305)	(59)	(719,354)
GAIN/(LOSS) FOR THE FINANCIAL YEAR BEFORE WITHHOLDING TAX	123,881,460	(52,607,438)	(47,781,560)	1,796,852	(14,959,603)	(1,660,676)	(14,676,989)
Less: Capital withholding tax	(223,224)	-	-	-	-	-	(223,224)
Less: Withholding tax	(586,685)	(3,520,490)	(1,616,043)	(600)	(215,748)	(60,953)	(6,682,130)
GAIN/(LOSS) FOR THE FINANCIAL YEAR AFTER WITHHOLDING TAX	123,071,551	(56,127,928)	(49,397,603)	1,796,252	(15,175,351)	(1,721,629)	(21,582,343)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES FROM OPERATIONS	123,071,551	(56,127,928)	(49,397,603)	1,796,252	(15,175,351)	(1,721,629)	(21,582,343)

Gains and losses arose solely from continuing activities. There were no gains and losses other than those dealt with in the statements of comprehensive income.

The notes on pages 60 to 77 form part of these financial statements.

VERITAS FUNDS PLC

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2017

	Note	Veritas Asian Fund USD	Veritas Global Focus Fund USD	Veritas Global Equity Income Fund GBP	Veritas China Fund USD	Veritas Global Real Return Fund GBP	Veritas Izoard Fund USD	Total 2017 USD
INCOME								
Interest income		11,582	1,200,666	182,576	4,523	3,951	56,293	1,504,923
Dividend income		3,235,117	14,596,838	16,202,977	38,732	614,167	192,180	38,967,127
Other income		-	-	175	189	7,117	4,650	13,903
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		19,655,925	241,367,367	110,022,677	271,390	11,546,928	2,651,464	415,061,142
Net (loss)/gain on foreign exchange		(49,433)	6,930,216	(2,029,531)	(3,649)	(272,282)	3,654	4,019,559
TOTAL INVESTMENT INCOME		22,853,191	264,095,087	124,378,874	311,185	11,899,881	2,908,241	459,566,654
EXPENSES								
Investment management fees		2,386,434	13,809,954	4,698,232	101,194	761,214	127,766	23,211,618
Administration fees		183,394	1,080,832	356,084	33,064	57,583	16,775	1,828,267
Depositary fees		140,571	670,380	248,221	23,520	44,740	9,518	1,208,149
Directors' fees		1,090	11,373	5,124	301	346	149	19,712
Audit fees		2,385	24,880	11,210	659	757	327	43,126
Legal fees		18,537	25,171	23,278	540	6,140	290	81,106
Amortisation of formation expenses		-	-	-	-	-	1,593	1,593
Other expenses		85,226	138,403	150,976	38,044	45,578	13,351	519,346
TOTAL EXPENSES		2,817,637	15,760,993	5,493,125	197,322	916,358	169,769	26,912,917
NET INCOME		20,035,554	248,334,094	118,885,749	113,863	10,983,523	2,738,472	432,653,737
FINANCE COSTS								
Distributions to redeemable participating shareholders	3	-	-	(11,789,692)	-	-	-	(14,654,973)
Interest expense		(37,719)	(60,253)	(33,870)	-	(25,020)	-	(171,174)
GAIN FOR THE FINANCIAL YEAR BEFORE WITHHOLDING TAX		19,997,835	248,273,841	107,062,187	113,863	10,958,503	2,738,472	417,827,590
Less: Capital withholding tax		(340,967)	-	-	(346,148)	-	-	(687,115)
Less: Withholding tax		(194,532)	(3,107,613)	(2,283,360)	42	(131,497)	(29,612)	(6,333,461)
GAIN/(LOSS) FOR THE FINANCIAL YEAR AFTER WITHHOLDING TAX		19,462,336	245,166,228	104,778,827	(232,243)	10,827,006	2,708,860	410,807,014
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES FROM OPERATIONS								
		19,462,336	245,166,228	104,778,827	(232,243)	10,827,006	2,708,860	410,807,014

Gains and losses arose solely from continuing activities. There were no gains and losses other than those dealt with in the statements of comprehensive income.

The notes on pages 60 to 77 form part of these financial statements.

VERITAS FUNDS PLC

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE
TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018

Note	Veritas Asian Fund USD	Veritas Global Focus Fund USD	Veritas Global Equity Income Fund GBP	Veritas China Fund USD	Veritas Global Real Return Fund GBP	Veritas Izoard Fund USD	Total 2018 USD
Net Assets attributable to holders of redeemable participating shares at the start of the period	806,998,894	3,718,171,252	1,052,188,534	24,542,570	225,657,888	57,416,223	6,321,551,593
Foreign exchange movement arising on aggregation	-	-	-	-	-	-	65,313,715
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations	123,071,551	(56,127,928)	(49,397,603)	1,796,252	(15,175,351)	(1,721,629)	(21,582,343)
Proceeds from redeemable participating shares issued	954,259,013	385,113,957	48,069,192	300,751	62,967,503	55,619	1,492,082,855
Redemption of redeemable participating shares	(277,667,934)	(713,476,830)	(397,896,701)	(3,219,666)	(66,379,322)	-	(1,631,397,834)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT THE END OF THE PERIOD	1,606,661,524	3,333,680,451	652,963,422	23,419,907	207,070,718	55,750,213	6,225,967,986

The notes on pages 60 to 77 form part of these financial statements.

VERITAS FUNDS PLC

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE
TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2017

Note	Veritas Asian Fund USD	Veritas Global Focus Fund USD	Veritas Global Equity Income Fund GBP	Veritas China Fund USD	Veritas Global Real Return Fund GBP	Veritas Izoard Fund USD	Total 2017 USD
Net Assets attributable to holders of redeemable participating shares at the start of the period	476,583,880	3,321,129,068	1,103,205,584	21,221,824	120,273,694	51,058,054	5,459,292,410
Foreign exchange movement arising on aggregation		-	-			-	(58,641,855)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations	19,462,336	245,166,228	104,778,827	(232,243)	10,827,006	2,708,860	410,807,014
Proceeds from redeemable participating shares issued	299,537,229	574,250,722	44,712,313	354,944	68,538,756	33,908	1,014,951,586
Redemption of redeemable participating shares	(246,693,362)	(715,378,088)	(113,819,113)	(482,612)	(12,835,134)	-	(1,119,989,434)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES AT THE END OF THE PERIOD	548,890,083	3,425,167,930	1,138,877,611	20,861,913	186,804,322	53,800,822	5,706,419,721

The notes on pages 60 to 77 form part of these financial statements.

VERITAS FUNDS PLC

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018

	Veritas Asian Fund USD	Veritas Global Focus Fund USD	Veritas Global Equity Income Fund GBP	Veritas China Fund USD	Veritas Global Real Return Fund GBP	Veritas Izoard Fund USD	Total USD
Cash flows from operating activities							
Purchase of financial assets and settlement of financial liabilities	(1,230,340,885)	(404,568,514)	(60,098,844)	(52,376,689)	(23,757,986)	(2,569,942)	(1,804,916,036)
Proceeds from sale of financial assets and of financial liabilities	582,478,486	635,150,310	409,510,007	48,446,968	15,876,453	2,773,171	1,852,521,946
Realised and unrealised (gain)/loss	(74,123,739)	56,193,545	48,495,192	(406,599)	11,811,683	1,944,836	66,355,142
(Increase)/decrease in debtors	(1,284,257)	(46,535,378)	3,196,416	17,078	(1,630,840)	(209,948)	(45,864,377)
(Decrease)/increase in creditors	(3,623,932)	37,778,605	(14,352,285)	(459,487)	2,423,204	266,526	17,593,813
Interest expense	(536,783)	(47,984)	(12,295)	(19,820)	(71,305)	(59)	(719,354)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations	123,608,334	(56,079,944)	(42,470,092)	1,816,072	(15,104,046)	(1,721,570)	(11,374,617)
Net cash (outflow)/inflow from operating activities	(603,822,776)	221,890,640	344,268,099	(2,982,477)	(10,452,837)	483,014	73,596,517
Cash flows from financing activities							
Proceeds from redeemable participating shares issued	932,854,680	377,707,608	48,534,160	279,785	62,773,180	55,619	1,463,617,948
Payment on redemption of redeemable participating shares	(272,847,879)	(737,409,579)	(397,875,105)	(3,192,046)	(65,302,233)	-	(1,648,970,791)
Distributions to holders of redeemable participating shares	-	-	(6,915,216)	-	-	-	(9,488,372)
Net cash inflow/(outflow) from financing activities	660,006,801	(359,701,971)	(356,256,161)	(2,912,261)	(2,529,053)	55,619	(194,841,215)
Net increase/(decrease) in cash and cash equivalents	56,184,025	(137,811,331)	(11,988,062)	(5,894,738)	(12,981,890)	538,633	(121,244,698)
Cash and cash equivalents at beginning of period	55,228,601	437,528,125	38,813,035	12,192,132	28,995,391	18,985,376	614,909,409
Exchange adjustment due to currency conversion	-	-	-	-	-	-	3,379,923
Cash and cash equivalents at end of period	111,412,626	299,716,794	26,824,973	6,297,394	16,013,501	19,524,009	497,044,634

The notes on pages 60 to 77 form part of these financial statements.

VERITAS FUNDS PLC

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2017

	Veritas Asian Fund USD	Veritas Global Focus Fund USD	Veritas Global Equity Income Fund GBP	Veritas China Fund USD	Veritas Global Real Return Fund GBP	Veritas Izoard Fund USD	Total USD
Cash flows from operating activities							
Purchase of financial assets and settlement of financial liabilities	(557,316,444)	(477,029,071)	(275,361,304)	(65,949,977)	(59,534,419)	(2,055,578)	(1,518,637,408)
Proceeds from sale of financial assets and of financial liabilities	503,688,892	635,571,709	324,089,877	64,471,573	10,425,471	757,009	1,620,302,703
Realised and unrealised loss/(gain)	23,748,583	(286,178,184)	(155,887,498)	3,670,513	(13,237,438)	(2,651,464)	(471,638,380)
(Increase)/decrease in debtors	(12,758,966)	(6,268,832)	14,647,589	(131,312)	(1,013,792)	(74,121)	(2,285,975)
Increase/(decrease) in creditors	4,515,692	(2,761,762)	(17,646,500)	(62,256)	10,372,631	(181,003)	(7,530,986)
Interest expense	(37,719)	(60,253)	(33,870)	-	(25,020)	-	(171,174)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations	19,500,055	245,226,481	116,602,389	(232,243)	10,852,026	2,708,860	425,633,160
Net cash (outflow)/inflow from operating activities	(18,659,907)	108,500,088	6,410,683	1,766,298	(42,160,541)	(1,496,297)	45,671,940
Cash flows from financing activities							
Proceeds from redeemable participating shares issued	296,996,267	570,916,127	44,506,655	351,789	71,192,807	33,908	1,012,116,307
Payment on redemption of redeemable participating shares	(245,488,509)	(699,424,226)	(122,204,589)	(481,436)	(12,305,263)	-	(1,112,594,317)
Distributions to holders of redeemable participating shares	-	-	(11,789,692)	-	-	-	(14,654,973)
Net cash inflow/(outflow) from financing activities	51,507,758	(128,508,099)	(89,487,626)	(129,647)	58,887,544	33,908	(115,132,983)
Net increase/(decrease) in cash and cash equivalents	32,847,851	(20,008,011)	(83,076,943)	1,636,651	16,727,003	(1,462,389)	(69,461,043)
Cash and cash equivalents at beginning of period	19,765,958	385,196,321	98,787,312	6,119,864	15,055,369	22,002,270	580,966,056
Exchange adjustment due to currency conversion	-	-	-	-	-	-	(6,019,200)
Cash and cash equivalents at end of period	52,613,809	365,188,310	15,710,369	7,756,515	31,782,372	20,539,881	505,485,813

The notes on pages 60 to 77 form part of these financial statements.

VERITAS FUNDS PLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018

1. General

Veritas Funds Plc (the “Company”) was incorporated in Ireland on 24 April 2001 as an open-ended investment company with variable capital and limited liability under the Companies Act, 2014 (as amended). The Company is authorised by the Central Bank (Supervision and Enforcement Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (the “Central Bank UCITS Regulations”). The Company was listed on the Irish Stock Exchange up to 13 July 2017. Listing and trading of all the share classes of the Company on the Irish Stock Exchange was cancelled with effect from 14 July 2017. The Company has implemented a remuneration policy pursuant to Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards to depositary functions, remuneration policies and sanctions (the “UCITS V Directive”).

The Company is an umbrella type structure with segregated liability between sub-funds (the “Sub-Funds”), in which different Sub-Funds may be issued from time to time with the prior approval of the Central Bank of Ireland. As at 31 March 2018, the Company has six Sub Funds in existence, Veritas Asian Fund (which has a functional currency of US Dollars), Veritas Global Focus Fund (which has a functional currency of US Dollars), Veritas Global Equity Income Fund (which has a functional currency of GBP), Veritas China Fund (which has a functional currency of US Dollars) Veritas Global Real Return Fund (which has a functional currency of GBP) and Veritas Izoard Fund (which has a functional currency of US Dollars). The Company has adopted US Dollars as the presentation currency.

2. Principal accounting policies

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standard Board (“IASB”) as adopted for use in the European Union and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. Specifically these financial statements have been prepared in accordance with IAS (International Accounting Standard) 34: Interim Financial Reporting.

The comparative figures included for the Statement of Financial Position relate to the previous year ended 30 September 2017, while the comparative figures included for the Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares and Statement of Cash Flow relate to the six month period ended 31 March 2017.

The accounting policies used in the preparation of these financial statements are consistent with those used in the Company’s most recent annual financial statements for the year ended 30 September 2017. There have been no changes in accounting policies since the date of the company’s last annual financial statements, for the year ended 30 September 2017. The format of these financial statements differs in some respects from that of the most recent annual financial statements, in that the notes to the financial statements are presented in a summary form.

For these Financial Statements a separate valuation was prepared for each Fund at last traded prices to close of business 31 March 2018. A reconciliation between the last dealing NAV of the period, 29 March 2018, and the NAV used for Financial Statements purposes is provided in note 8.

VERITAS FUNDS PLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018 (CONTINUED)

3. Distributions

In accordance with the Sub-Funds' constitution, the Sub-Funds may distribute its distributable income to shareholders and may declare dividends on class of Shares. Distributions will not be paid without prior notice to Shareholders.

The Directors have obtained confirmation from HM Revenue & Customs that the entry of the Company into the Reporting Fund regime was accepted with effect from 1 October 2010.

It is intended that the Company will conduct its affairs so as to ensure that the shares will qualify for reporting fund status throughout its life. However, though the Directors will endeavour to ensure that the Shares qualify for reporting fund status throughout its life, this cannot be guaranteed.

Under the reporting status regime, UK resident holders of an interest in a reporting fund will be subject to UK income tax or corporation tax on the share of the reporting Sub-Funds' income attributable to their holding in the Sub-Funds', whether or not distributed, but any gains will continue to be subject to capital gains tax or corporation tax on chargeable gains.

Distributions made are also subject to equalisation. Equalisation is operated in connection with the issue and redemption of shares. It represents the income element included in the price for the issue and redemption of shares.

The dividends paid for the period ended 31 March 2018 were as follows (Share Class represents the names of the Share Classes in existence as at the period ended 31 March 2018):

Fund	Share Class	Date	Gross Amount
Veritas Global Equity Income	GBP A Class	31 March 2018	GBP 2,132,471
Veritas Global Equity Income	EUR A Class	31 March 2018	EUR 90,945
Veritas Global Equity Income	USD A Class	31 March 2018	USD 160,952
Veritas Global Equity Income	GBP B Class	31 March 2018	GBP 139,677
Veritas Global Equity Income	EUR B Class	31 March 2018	EUR 21,229
Veritas Global Equity Income	USD B Class	31 March 2018	USD 423,377
Veritas Global Equity Income	GBP D Class	31 March 2018	GBP 3,971,782
Veritas Global Equity Income	EUR D Class	31 March 2018	EUR 28,305
Veritas Global Equity Income	USD D Class	31 March 2018	USD 135,742
Veritas Global Equity Income	USD E Class	31 March 2018	USD 53,005

The distributions payable for the period ended 31 March 2018 amounted to USD 9,704,829 (31 March 2017: USD 14,682,529).

VERITAS FUNDS PLC

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)**

3. Distributions (continued)

The dividends paid for the year ended 30 September 2017 were as follows (Share Class represents the names of the Share Classes in existence as at the year ended 30 September 2017):

Fund	Share Class	Date	Gross Amount
Veritas Asian Fund	GBP A Class Shares	30 September 2017	GBP 1,257,124
Veritas Asian Fund	EUR A Class Shares	30 September 2017	EUR 109,721
Veritas Asian Fund	USD A Class Shares	30 September 2017	USD 573,394
Veritas Asian Fund	GBP B Class Shares	30 September 2017	GBP 9,894
Veritas Asian Fund	USD B Class Shares	30 September 2017	USD 39,654
Veritas Asian Fund	EUR B Class Shares	30 September 2017	EUR 484
Veritas Asian Fund	GBP D Class Shares	30 September 2017	GBP 561,734
Veritas Asian Fund	USD D Class Shares	30 September 2017	USD 1,244,809
Veritas Global Focus Fund	GBP A Class Shares	30 September 2017	GBP 421,038
Veritas Global Focus Fund	EUR A Class Shares	30 September 2017	EUR 58,734
Veritas Global Focus Fund	USD A Class Shares	30 September 2017	USD 96,281
Veritas Global Focus Fund	USD D Class Shares	30 September 2017	USD 146,259
Veritas Global Focus Fund	EUR D Class Shares	30 September 2017	EUR 1,355
Veritas Global Focus Fund	GBP D Class Shares	30 September 2017	GBP 732,442
Veritas Global Equity Income	GBP A Class Shares	31 March 2017	GBP 2,432,735
Veritas Global Equity Income	EUR A Class Shares	31 March 2017	EUR 94,131
Veritas Global Equity Income	USD A Class Shares	31 March 2017	USD 248,876
Veritas Global Equity Income	GBP B Class Shares	31 March 2017	GBP 161,877
Veritas Global Equity Income	EUR B Class Shares	31 March 2017	EUR 29,169
Veritas Global Equity Income	USD B Class Shares	31 March 2017	USD 585,656
Veritas Global Equity Income	GBP D Class Shares	31 March 2017	GBP 4,990,601
Veritas Global Equity Income	EUR D Class Shares	31 March 2017	EUR 3,767,816
Veritas Global Equity Income	USD D Class Shares	31 March 2017	USD 148,932
Veritas Global Equity Income	USD E Class Shares	31 March 2017	USD 52,394
Veritas Global Equity Income	GBP A Class Shares	30 September 2017	GBP 5,382,562
Veritas Global Equity Income	EUR A Class Shares	30 September 2017	EUR 214,617
Veritas Global Equity Income	USD A Class Shares	30 September 2017	USD 474,342
Veritas Global Equity Income	GBP B Class Shares	30 September 2017	GBP 341,399
Veritas Global Equity Income	USD B Class Shares	30 September 2017	USD 1,078,418
Veritas Global Equity Income	EUR B Class Shares	30 September 2017	EUR 53,417
Veritas Global Equity Income	USD D Class Shares	30 September 2017	USD 272,751
Veritas Global Equity Income	EUR D Class Shares	30 September 2017	EUR 8,363,925
Veritas Global Equity Income	GBP D Class Shares	30 September 2017	GBP 10,478,931
Veritas Global Equity Income	USD E Class Shares	30 September 2017	USD 127,535
Veritas China Fund	GBP A Class Shares	30 September 2017	GBP 3,828
Veritas China Fund	EUR A Class Shares	30 September 2017	EUR 61
Veritas China Fund	USD A Class Shares	30 September 2017	USD 12,606
Veritas China Fund	GBP B Class Shares	30 September 2017	GBP 994
Veritas Global Real Return	GBP D Class Shares	30 September 2017	GBP 66,765
Veritas Global Real Return	EUR D Class Shares	30 September 2017	EUR 4,474
Veritas Global Real Return	USD D Class Shares	30 September 2017	USD 20,141
Veritas Izoard Fund	GBP C Class Shares	30 September 2017	GBP 166,139
Veritas Izoard Fund	USD C Class Shares	30 September 2017	USD 75,791

The distributions payable for the year ended 30 September 2017 amounted to USD 40,632,028.

VERITAS FUNDS PLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018 (CONTINUED)

4. Derivatives

The Company may employ techniques and instruments including but not limited to futures, options, forward contracts and contracts for difference (described below) relating to transferable securities and/or other financial instruments in which it invests for efficient portfolio management purposes and for investment purposes.

Contracts for difference

Contracts for difference (CFD's) result in exposure to market risk based on changes in market prices relative to contracted amounts. Market risks arise due to possible movement in securities values underlying these instruments. In addition, a high degree of leverage may be typical. As a result, a relatively small price movement in a contract may result in substantial losses to the Company. The fair value of contracts for difference entered into by the Company as at 31 March 2018 are disclosed in the Schedule of Investments.

All income accruing to the underlying securities in the CFDs and the financing charges associated with the CFD trading are accrued by the Company on an accruals basis and is recognised in the Statement of Comprehensive Income account as part of the net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss.

Forward contracts

The Sub-Funds are authorised for purposes of efficient portfolio management to enter into forward currency contracts for the purpose of managing the foreign currency exposure arising from the Sub-Funds' investment or anticipated investment in securities denominated in foreign currencies. Forward contracts are commitments either to purchase or sell a designated financial instrument, currency, commodity or an index at a specified future date for a specified price and may be settled in cash or another financial asset. Forwards are individually traded over-the-counter contracts. Forward contracts result in credit exposure to the counterparty.

Forward contracts result in exposure to market risk based on changes in market prices relative to contracted amounts. Market risks arise due to the possible movement in foreign currency exchange rates, indices, and securities' values underlying these instruments. In addition, because of the low margin deposits normally required in relation to notional contract sizes, a high degree of leverage may be typical of a forward trading account. As a result, a relatively small price movement in an underlying of forward contract may result in substantial losses to the Company.

Notional amounts are the underlying reference amounts to stock exchange indices, equities and foreign currencies upon which the fair value of the forward contracts traded by the Company are based. While notional amounts do not represent the current fair value and are not necessarily indicative of the future cash flows of the Company's forward contracts, the underlying price changes in relation to the variables specified by the notional amounts affect the fair value of these derivative financial instruments. The fair value of forward contracts entered into by the Company as at 31 March 2018 are disclosed in the Schedule of Investments.

Realised gains and losses are recorded in the Statement of Comprehensive Income at the time the forward foreign exchange contract settles. Realised and unrealised gains and losses applicable to forward foreign exchange contracts entered into a Sub-Fund level are allocated at Sub-Fund level. In relation to class specific forward foreign exchange contracts, the realised and unrealised gains and losses and transaction costs are allocated solely to those share classes.

VERITAS FUNDS PLC

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)**

4. Derivatives (continued)

Futures

Futures are contracts for delayed delivery of commodities or financial instruments, in which the seller agrees to make delivery at a specific future date of a specific commodity, at a specified price or yield. Gains and losses on futures are recorded by the Sub-Funds based on market fluctuations and are recorded as realised or unrealised gains/(losses) or other income dependent upon settlement terms of the contracts held. The fair value of futures entered into by the Company as at 31 March 2018 are disclosed in the Schedule of Investments.

5. Financial assets and liabilities at fair value through profit or loss

The following table presents the financial instruments carried on the Statement of Financial Position by caption and by level within the valuation hierarchy as at 31 March 2018:

Veritas Asian Fund

31 March 2018	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets at fair value through profit or loss				
Equities	1,319,537,814	-	-	1,319,537,814
Equity warrants	-	167,084,825	-	167,084,825
Contracts for difference	-	798,855	-	798,855
Total	1,319,537,814	167,883,680	-	1,487,421,494
Financial liabilities at fair value through profit or loss				
Contract for difference	-	(3,450,580)	-	(3,450,580)
Forward foreign exchange contract	-	(756,502)	-	(756,502)
Total	-	(4,207,082)	-	(4,207,082)

Veritas Global Focus Fund

31 March 2018	Level 1 USD	Level 2 USD	Level 3* USD	Total USD
Financial assets at fair value through profit or loss				
Equities	3,017,851,544	-	-	3,017,851,544
Total	3,017,851,544	-	-	3,017,851,544

*RREEF China Commercial with Nil investment value is classified under Level 3. It has been priced at Nil as all distributions relating to the investment have been disbursed to shareholders.

VERITAS FUNDS PLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)

5. Financial assets and liabilities at fair value through profit or loss (continued)

Veritas Global Equity Income Fund

31 March 2018	Level 1 GBP	Level 2 GBP	Level 3* GBP	Total GBP
Financial assets at fair value through profit or loss				
Equities	621,939,261	-	-	621,939,261
Bond	-	12,448,417	-	12,448,417
Forward foreign exchange contracts	-	1,619	-	1,619
Total	621,939,261	12,450,036	-	634,389,297

Financial liabilities at fair value through profit or loss

Forward foreign exchange contracts	-	(60,903)	-	(60,903)
Total	-	(60,903)	-	(60,903)

Veritas China Fund

31 March 2018	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets at fair value through profit or loss				
Equities	15,212,310	-	-	15,212,310
Equity warrants	-	1,794,548	-	1,794,548
Bond	-	607,072	-	607,072
Contracts for difference	-	10,193	-	10,193
Forward foreign exchange contracts	-	135,644	-	135,644
Total	15,212,310	2,547,457	-	17,759,767

Financial liabilities at fair value through profit or loss

Contracts for difference	-	(209,162)	-	(209,162)
Forward foreign exchange contracts	-	(7,295)	-	(7,295)
Total	-	(216,457)	-	(216,457)

Veritas Global Real Return Fund

31 March 2018	Level 1 GBP	Level 2 GBP	Level 3* GBP	Total GBP
Financial assets at fair value through profit or loss				
Equities	187,278,532	-	-	187,278,532
Forward foreign exchange contracts	-	47,700	-	47,700
Future contracts	2,335,843	-	-	2,335,843
Total	189,614,375	47,700	-	189,662,075

Financial liabilities at fair value through profit or loss

Forward foreign exchange contracts	-	(1,250,183)	-	(1,250,183)
Total	-	(1,250,183)	-	(1,250,183)

*RREEF China Commercial with Nil investment value is classified under Level 3. It has been priced at Nil as all distributions relating to the investment have been disbursed to shareholders.

VERITAS FUNDS PLC

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)**

5. Financial assets and liabilities at fair value through profit or loss (continued)

Veritas Izoard Fund

31 March 2018	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets at fair value through profit or loss				
Equities	36,563,449	-	-	36,563,449
Total	<u>36,563,449</u>	<u>-</u>	<u>-</u>	<u>36,563,449</u>

The following table presents the financial instruments carried on the Statement of Financial Position by caption and by level within the valuation hierarchy as at 30 September 2017:

Veritas Asian Fund

30 September 2017	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets at fair value through profit or loss				
Equities	597,379,949	-	-	597,379,949
Equity warrants	-	164,002,112	-	164,002,112
Contracts for difference	-	53,831	-	53,831
Total	<u>597,379,949</u>	<u>164,055,943</u>	<u>-</u>	<u>761,435,892</u>
Financial liabilities at fair value through profit or loss				
Contract for difference	-	(207,618)	-	(207,618)
	<u>-</u>	<u>(207,618)</u>	<u>-</u>	<u>(207,618)</u>

Veritas Global Focus Fund

30 September 2017	Level 1 USD	Level 2 USD	Level 3* USD	Total USD
Financial assets at fair value through profit or loss				
Equities	3,304,626,885	-	-	3,304,626,885
Total	<u>3,304,626,885</u>	<u>-</u>	<u>-</u>	<u>3,304,626,885</u>

*RREEF China Commercial with Nil investment value is classified under Level 3. It has been priced at Nil as all distributions relating to the investment have been disbursed to shareholders.

VERITAS FUNDS PLC

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)**

5. Financial assets and liabilities at fair value through profit or loss (continued)

Veritas Global Equity Income Fund

30 September 2017	Level 1 GBP	Level 2 GBP	Level 3* GBP	Total GBP
Financial assets at fair value through profit or loss				
Equities	1,000,558,203	-	-	1,000,558,203
Bond	-	31,789,334	-	31,789,334
Forward foreign exchange contract	-	1,642	-	1,642
Total	1,000,558,203	31,790,976	-	1,032,349,179
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	(114,430)	-	(114,430)
Total	-	(114,430)	-	(114,430)

Veritas China Fund

30 September 2017	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets at fair value through profit or loss				
Equities	12,311,196	-	-	12,311,196
Bond	-	629,275	-	629,275
Contract for difference	-	1,648	-	1,648
Forward foreign exchange contracts	-	274,982	-	274,982
Total	12,311,196	905,905	-	13,217,101
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	(10,111)	-	(10,111)
Total	-	(10,111)	-	(10,111)

Veritas Global Real Return Fund

30 September 2017	Level 1 GBP	Level 2 GBP	Level 3* GBP	Total GBP
Financial assets at fair value through profit or loss				
Equities	195,444,679	-	-	195,444,679
Forward foreign exchange contracts	-	52,420	-	52,420
Future contract	22,275	-	-	22,275
Total	195,466,954	52,420	-	195,519,374
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	(2,405,503)	-	(2,405,503)
Future contracts	(771,829)	-	-	(771,829)
Total	(771,829)	(2,405,503)	-	(3,177,332)

*RREEF China Commercial with Nil investment value is classified under Level 3. It has been priced at Nil as all distributions relating to the investment have been disbursed to shareholders.

VERITAS FUNDS PLC

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)**

5. Financial assets and liabilities at fair value through profit or loss (continued)

Veritas Izoard Fund

30 September 2017	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets at fair value through profit or loss				
Equities	38,711,514	-	-	38,711,514
Total	38,711,514	-	-	38,711,514

In determining an instrument's placement within the hierarchy, the Directors separate the Company's investment portfolio into two categories: investments and derivative instruments. Each of these categories can further be divided between financial assets or financial liabilities.

Investments

Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently or not at all. When observable prices are not available for these securities, the Directors uses one or more valuation techniques (e.g., the market approach or the income approach) for which sufficient and reliable data is available. Within level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

The inputs used by the Directors in estimating the value of investments in collective investment schemes classified as level 3 includes the redemption value based on the net asset value of the respective collective investment scheme, as indicated by the management of the underlying collective investment schemes. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Directors in the absence of market information. The fair value measurement of level 3 investments does not include transaction costs that may have been capitalised as part of the security's cost basis. Assumptions used by the Directors due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Company's results of operations.

Derivative Instruments

Derivative instruments can be exchange-traded or privately negotiated over-the-counter ("OTC"). OTC derivatives, such as generic forward foreign exchange contracts and CFD's have inputs which can generally be corroborated by market data and are therefore classified within level 2. Futures are exchange traded and are therefore classified as level 1.

VERITAS FUNDS PLC

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)**

5. Financial assets and liabilities at fair value through profit or loss (continued)

The Company considers the transfers between different levels to occur when there is a change in significant observable and unobservable inputs for a particular investment. There were no transfers between different level of investments during the period ended 31 March 2018 (30 September 2017: Nil).

The Company's assets and liabilities (by class) not measured at fair value but for which fair value is disclosed are level 1. These assets and liabilities are carried at amortised cost, their carrying values are a reasonable approximation of fair value.

6. Exchange rates

The following exchange rates were used to translate assets and liabilities into the functional currency (United States Dollar) at 31 March 2018 for the Veritas Asian Fund, Veritas Global Focus Fund, Veritas China Fund and the Veritas Izoard Fund.

	31 March 2018	30 September 2017
Australian Dollar	1.30370	1.27445
British Pound	0.71286	0.74535
Chinese Yuen	6.29170	6.64280
Danish Krona	6.06090	6.29480
Euro	0.81311	0.84588
Hong Kong Dollar	7.84830	7.81070
Indonesian Rupiah	13,767.50000	13,469.00000
Indian Rupee	65.22170	65.32000
Korean Won	1,065.90000	1,145.35000
New Taiwanese Dollar	29.15700	30.32400
Singapore Dollar	1.31130	-
South African Rand	11.84875	13.50250
Swedish Krona	8.37480	8.16235
Swiss Franc	0.95760	0.96760
Thai Baht	31.27000	33.35000

The following exchange rates were used to translate assets and liabilities into the functional currency (GBP) at 31 March 2018 for the Veritas Global Equity Income Fund and Veritas Global Real Return Fund.

	31 March 2018	30 September 2017
Australian Dollar	1.82883	1.70987
Brazilian Real	4.66235	4.24384
Danish Krona	8.50223	8.44542
Euro	1.14063	1.13488
Hong Kong Dollar	11.00960	10.47923
Norwegian Krone	11.01331	10.67994
Singapore Dollar	1.83949	1.82189
South African Rand	16.62143	18.11563
Swedish Krona	11.74817	10.95102
Swiss Franc	1.34332	1.29818
US Dollar	1.40280	1.34165

VERITAS FUNDS PLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018 (CONTINUED)

7. Related parties and connected persons

Connected persons

In accordance with the requirements of the Central Bank UCITS Regulations, all transactions carried out with the Company by the management company or depositary of a UCITS, and the delegate or sub-delegates of such a management company or depositary (excluding any non-group company sub-depositarys appointed by a depositary), and any associated or group companies of such a management company, depositary, delegate or sub-delegate (“connected persons”) must be carried out as if connected at arm’s length and be in the best interests of shareholders. The Directors are satisfied that there are arrangements in place to ensure that the obligations set out in the Central Bank UCITS Regulations are applied to all transactions with connected persons and transactions with connected persons entered into during the period complied with the obligations set out in the Central Bank UCITS Regulations.

Mr Richard Grant and Mr Ian Barnes are partners of the Investment Manager and as such have an interest in the relationship between the Company and the Investment Manager. Mr Richard Grant and Mr Ian Barnes are also directors of Veritas Asset Management (Asia) Ltd, a sub-advisor to the Investment Manager on Veritas Asian Fund and Veritas China Fund. Mr Richard Grant held 16,459 shares (30 September 2017: 16,057) in Veritas Global Equity Income Fund, 5,561 shares (30 September 2017: 5,557) in Veritas China Fund, 204,198 shares (30 September 2017: 204,198) in Veritas Global Real Return Fund and 10,086 shares (30 September 2017: 10,035) in Veritas Izoard Fund. Mrs Catherine Grant, wife of Director Mr Richard Grant held 5,271 shares (30 September 2017: 5,267) in Veritas Global Focus Fund.

The Company uses the services of KB Associates for the provision of a Money Laundering Reporting Officer. Mr Mike Kirby who is a Director of the Company, is the Managing Principle of KB Associates.

Veritas Asset Management LLP, the Investment Manager, is a related party under the IAS 24 “Related Party Disclosures”. Fees payable to these parties and the amounts due at the period end are shown on the Statement of Financial Position and Statement of Comprehensive Income.

8. Net asset value

Net assets attributable to holders of redeemable participating shares represent a liability in the Statement of Financial Position, carried at the redemption amount that would be payable at the Statement of Financial Position date if the shareholder exercised the right to redeem the share to the Company.

VERITAS FUNDS PLC

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)**

8. Net asset value (continued)

Reconciliation between dealing NAV as at 12pm on 29 March 2018 and Financial Statements NAV as at close of business 29 March 2018:

29 March 2018	Veritas Asian Fund USD	Veritas Global Focus Fund USD	Veritas Global Equity Income Fund GBP
Dealing NAV (29 March 2018) at Mid prices at 12 pm	1,598,924,438	3,315,604,364	652,100,682
Adjustment for as of dealing	8,674,485	(124,340)	(210,175)
Change in Net Asset value due to price change from 12 pm to close of business	(937,399)	18,200,427	1,072,915
NAV as per Valuations (29 March 2018) at Mid prices at close of business	<u>1,606,661,524</u>	<u>3,333,680,451</u>	<u>652,963,422</u>

29 March 2018	Veritas China Fund USD	Veritas Global Return Fund GBP	Veritas Izoard Fund USD
Dealing NAV (29 March 2018) at Mid prices at 12 pm	23,386,349	205,852,899	55,420,601
Adjustment for as of dealing	(8,467)	(8,069)	-
Change in Net Asset value due to price change from 12 pm to close of business	42,025	1,225,888	329,612
NAV as per Valuations (29 March 2018) at Mid prices at close of business	<u>23,419,907</u>	<u>207,070,718</u>	<u>55,750,213</u>

VERITAS FUNDS PLC

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)**

8. Net asset value (continued)

Reconciliation between dealing NAV as at 12pm on 30 September 2017 and Financial Statements NAV as at close of business 30 September 2017:

2017	Veritas Asian Fund USD	Veritas Global Focus Fund USD	Veritas Global Equity Income Fund GBP
Dealing NAV (30 September 2017) at Mid prices at 12 pm	805,989,541	3,721,628,842	1,052,873,555
Adjustment for as of dealing	69,973	(25,546,373)	(25,817)
Change in Net Asset value due to price change from 12 pm to close of business	939,380	22,088,783	(659,204)
NAV as per Valuations (30 September 2017) at Mid prices at close of business	<u>806,998,894</u>	<u>3,718,171,252</u>	<u>1,052,188,534</u>

2017	Veritas China Fund USD	Veritas Global Return Fund GBP	Veritas Izoard Fund USD
Dealing NAV (30 September 2017) at Mid prices at 12 pm	24,491,844	224,948,998	57,201,171
Adjustment for as of dealing	-	329,155	-
Change in Net Asset value due to price change from 12 pm to close of business	50,726	379,735	215,052
NAV as per Valuations (30 September 2017) at Mid prices at close of business	<u>24,542,570</u>	<u>225,657,888</u>	<u>57,416,223</u>

VERITAS FUNDS PLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)

8. Net asset value (continued)

Veritas Asian Fund

Share Class	NAV	Total NAV	Units in
	Per Share		issue
	31 March	31 March	31 March
	2018	2018	2018
USD A Class Shares	480.13	181,688,531	378,418
GBP A Class Shares	635.92	246,099,011	386,997
EUR A Class Shares	445.17	28,378,039	63,747
USD B Class Shares	333.70	91,334,093	273,687
GBP B Class Shares	468.27	8,018,558	17,124
EUR B Class Shares	327.83	331,183	1,010
USD C Class Shares	483.72	347,394,109	718,167
GBP C Class Shares	642.22	145,091,466	225,921
USD D Class Shares	479.29	175,059,256	365,249
GBP D Class Shares	636.26	153,882,996	241,856

Share Class	NAV	Total NAV	Units in
	Per Share		issue
	30 September	30 September	30 September
	2017	2017	2017
USD A Class Shares	424.91	135,765,692	319,517
GBP A Class Shares	588.44	207,235,886	352,180
EUR A Class Shares	409.85	18,145,574	44,274
USD B Class Shares	296.05	43,804,136	147,964
GBP B Class Shares	434.38	7,547,228	17,375
EUR B Class Shares	302.57	300,877	994
USD C Class Shares	427.55	49,157,681	114,976
GBP C Class Shares	593.53	36,152,685	60,912
USD D Class Shares	423.64	135,459,626	319,749
GBP D Class Shares	588.02	62,860,171	106,902

Share Class	NAV	Total NAV	Units in
	Per Share		issue
	30 September	30 September	30 September
	2016	2016	2016
USD A Class Shares	353.87	219,919,434	621,468
GBP A Class Shares	507.13	142,075,680	280,159
EUR A Class Shares	359.74	15,061,659	41,868
USD B Class Shares	246.98	45,458,695	184,061
GBP B Class Shares	374.43	7,256,592	19,380
EUR B Class Shares	265.72	264,137	994

VERITAS FUNDS PLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)

8. Net asset value (continued)

Veritas Global Focus Fund

Share Class	NAV Per Share 31 March 2018	Total NAV 31 March 2018	Units in issue 31 March 2018
USD A Class Shares	30.99	160,103,391	5,165,816
GBP A Class Shares	37.51	211,954,548	5,650,637
EUR A Class Shares	15.32	59,288,019	3,869,542
USD B Class Shares	22.18	6,878,741	310,069
GBP B Class Shares	28.45	4,767,627	167,558
EUR B Class Shares	18.11	144,510	7,980
USD C Class Shares	34.04	451,771,404	13,272,109
GBP C Class Shares	41.09	1,219,512,811	29,679,430
EUR C Class Shares	27.94	121,938,766	4,365,034
USD D Class Shares	32.14	47,376,858	1,474,150
GBP D Class Shares	38.88	305,900,968	7,868,045
EUR D Class Shares	26.32	505,960	19,226

Share Class	NAV Per Share 30 September 2017	Total NAV 30 September 2017	Units in issue 30 September 2017
USD A Class Shares	31.55	184,962,690	5,861,936
GBP A Class Shares	39.93	529,287,463	13,256,249
EUR A Class Shares	16.23	68,873,745	4,244,297
USD B Class Shares	22.66	5,535,450	244,337
GBP B Class Shares	30.36	4,731,928	155,843
EUR B Class Shares	19.23	208,167	10,827
USD C Class Shares	34.61	472,176,282	13,642,085
GBP C Class Shares	43.68	1,286,728,507	29,453,718
EUR C Class Shares	29.55	134,851,005	4,563,079
USD D Class Shares	32.68	48,024,432	1,469,575
GBP D Class Shares	41.33	240,784,232	5,825,444
EUR D Class Shares	27.84	446,897	16,053

Share Class	NAV Per Share 30 September 2016	Total NAV 30 September 2016	Units in issue 30 September 2016
USD A Class Shares	26.14	212,271,560	8,120,794
GBP A Class Shares	34.17	436,226,888	12,766,320
EUR A Class Shares	14.15	56,978,444	4,028,075
USD B Class Shares	18.85	594,796	31,549
GBP B Class Shares	26.08	6,779,037	259,994
EUR B Class Shares	16.83	270,452	16,071
USD C Class Shares	28.58	307,276,154	10,750,291
GBP C Class Shares	37.26	1,363,862,446	36,602,575
EUR C Class Shares	25.67	130,146,813	5,069,457
USD D Class Shares	27.07	27,903,570	1,030,746
GBP D Class Shares	35.37	164,191,254	4,642,744
EUR D Class Shares	24.25	1,851,964	76,361

VERITAS FUNDS PLC

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)**

8. Net asset value (continued)

Veritas Global Equity Income Fund

Share Class	NAV Per Share 31 March 2018	Total NAV 31 March 2018	Units in issue 31 March 2018
USD A Class Shares	126.65	13,941,430	110,075
GBP A Class Shares	174.60	179,172,994	1,026,174
EUR A Class Shares	201.34	7,446,885	36,987
USD B Class Shares	124.08	36,451,593	293,767
GBP B Class Shares	158.69	11,445,486	72,123
EUR B Class Shares	182.53	1,693,416	9,277
USD C Class Shares	166.25	53,002,354	318,819
GBP C Class Shares	230.71	28,690,593	124,359
EUR C Class Shares	265.95	641,313	2,411
USD D Class Shares	132.38	11,793,776	89,087
GBP D Class Shares	183.27	337,724,959	1,842,747
EUR D Class Shares	208.34	2,348,478	11,273
USD E Class Shares	133.55	4,462,401	33,414

Share Class	NAV Per Share 30 September 2017	Total NAV 30 September 2017	Units in issue 30 September 2017
USD A Class Shares	131.28	19,308,980	147,083
GBP A Class Shares	189.31	209,885,809	1,108,699
EUR A Class Shares	217.26	8,374,460	38,547
USD B Class Shares	128.94	43,834,264	339,948
GBP B Class Shares	172.54	13,415,104	77,750
EUR B Class Shares	197.52	2,096,199	10,613
USD C Class Shares	170.11	47,529,436	279,397
GBP C Class Shares	246.84	31,348,179	127,000
EUR C Class Shares	283.11	736,481	2,601
USD D Class Shares	137.04	11,560,098	84,360
GBP D Class Shares	198.43	407,067,029	2,051,434
EUR D Class Shares	224.65	324,486,989	1,444,422
USD E Class Shares	144.43	4,786,848	33,142

VERITAS FUNDS PLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)

8. Net asset value (continued)

Veritas Global Equity Income Fund (continued)

Share Class	NAV Per Share 30 September 2016	Total NAV 30 September 2016	Units in issue 30 September 2016
USD A Class Shares	116.05	23,099,917	199,056
GBP A Class Shares	172.84	211,730,342	1,224,978
EUR A Class Shares	202.04	8,423,674	41,692
USD B Class Shares	114.56	62,213,500	543,071
GBP B Class Shares	158.33	14,761,841	93,234
EUR B Class Shares	184.62	2,413,939	13,075
USD C Class Shares	144.65	40,494,543	279,945
GBP C Class Shares	216.78	29,828,728	137,597
EUR C Class Shares	253.26	925,306	3,654
USD D Class Shares	120.84	14,665,149	121,362
GBP D Class Shares	180.72	455,343,200	2,519,605
EUR D Class Shares	208.40	309,773,518	1,486,470
USD E Class Shares	132.30	6,796,625	51,361

Veritas China Fund

Share Class	NAV Per Share 31 March 2018	Total NAV 31 March 2018	Units in issue 31 March 2018
USD A Class Shares	155.01	15,785,842	101,839
GBP A Class Shares	158.20	4,358,735	27,552
EUR A Class Shares	146.79	76,495	521
GBP B Class Shares	152.06	713,462	4,692
EUR B Class Shares	147.70	344,666	2,334

Share Class	NAV Per Share 30 September 2017	Total NAV 30 September 2017	Units in issue 30 September 2017
USD A Class Shares	145.42	14,797,970	101,759
GBP A Class Shares	149.32	6,309,612	42,256
EUR A Class Shares	139.15	52,154	375
GBP B Class Shares	143.87	665,803	4,628
EUR B Class Shares	138.64	273,746	1,975

Share Class	NAV Per Share 30 September 2016	Total NAV 30 September 2016	Units in issue 30 September 2016
USD A Class Shares	127.33	13,020,678	102,255
GBP A Class Shares	131.65	6,047,748	45,939
EUR A Class Shares	123.30	46,215	375
GBP B Class Shares	127.17	225,144	1,770

VERITAS FUNDS PLC

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)**

8. Net asset value (continued)

Veritas Global Real Return Fund

Share Class	NAV Per Share 31 March 2018	Total NAV 31 March 2018	Units in issue 31 March 2018
USD A Class Shares	25.49	37,275,382	1,462,399
GBP A Class Shares	14.33	66,446,756	4,638,442
EUR A Class Shares	14.54	7,588,740	521,750
USD B Class Shares	24.48	6,042,738	246,879
GBP B Class Shares	13.92	3,777,632	271,389
EUR B Class Shares	15.41	2,708,378	175,759
USD D Class Shares	25.51	20,490,810	803,191
GBP D Class Shares	14.36	75,030,000	5,224,535
EUR D Class Shares	14.57	7,377,694	506,464
EUR E Class Shares	14.91	951,048	63,784

Share Class	NAV Per Share 30 September 2017	Total NAV 30 September 2017	Units in issue 30 September 2017
USD A Class Shares	26.99	31,057,659	1,150,925
GBP A Class Shares	15.23	99,988,967	6,565,043
EUR A Class Shares	15.56	13,430,293	862,998
USD B Class Shares	25.98	6,381,495	245,635
GBP B Class Shares	14.84	3,137,453	211,483
EUR B Class Shares	16.53	2,523,535	152,649
USD D Class Shares	26.99	22,063,515	817,543
GBP D Class Shares	15.26	52,175,115	3,419,746
EUR D Class Shares	15.58	13,559,727	870,073

Share Class	NAV Per Share 30 September 2016	Total NAV 30 September 2016	Units in issue 30 September 2016
USD A Class Shares	24.26	24,186,766	997,077
GBP A Class Shares	13.73	89,599,911	6,524,175
EUR A Class Shares	14.21	2,577,496	181,343
USD B Class Shares	23.47	3,038,447	129,438
GBP B Class Shares	13.44	1,298,663	96,603
EUR B Class Shares	15.17	2,011,528	132,575
GBP D Class Shares	13.75	4,446,438	323,378

VERITAS FUNDS PLC

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018
(CONTINUED)**

8. Net asset value (continued)

Veritas Izoard Fund

Share Class	NAV Per Share 31 March 2018	Total NAV 31 March 2018	Units in issue 31 March 2018
USD C Class Shares	112.47	14,124,508	125,582
GBP C Class Shares	126.12	29,673,300	235,273

Share Class	NAV Per Share 30 September 2017	Total NAV 30 September 2017	Units in issue 30 September 2017
USD C Class Shares	115.95	14,560,640	125,582
GBP C Class Shares	135.94	31,942,446	234,969

Share Class	NAV Per Share 30 September 2016	Total NAV 30 September 2016	Units in issue 30 September 2016
USD C Class Shares	103.17	12,956,776	125,582
GBP C Class Shares	124.94	29,331,238	234,759

VERITAS FUNDS PLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2018 (CONTINUED)

9. Soft commissions

The Company has not entered into any soft commission arrangements during the period. The Investment Manager makes use of commission sharing arrangements with brokerage firms that sell shares or that provide research and advisory services to the Company. This may include situations where the dealing commission on a particular trade or a series of trades is shared between one or more providers of execution and/or research services. In this case a portion of the commission paid by the Investment Manager to the executing broker is used to purchase third party research or execution services.

10. Cross liability

Each Sub-Fund is segregated and there are no cross liabilities between the Sub-Funds.

11. Significant matters arising during the period

EUR E Class Shares in the Veritas Global Real Return Fund were launched on 14 November 2017.

12. Subsequent events

There were no significant events subsequent to the period-end.

13. Approval of financial statements

The Financial Statements were approved by the Board of Directors on 18 May 2018.

VERITAS FUNDS PLC

VERITAS ASIAN FUND

**UNAUDITED SCHEDULE OF SIGNIFICANT CHANGES IN INVESTMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

Largest purchases	Units	Cost (USD)
AIA Group	4,100,000	32,555,862
Alibaba Group	163,915	29,809,046
Aristocrat Leisure	1,250,000	23,006,978
Asian Paints	1,000,000	18,085,156
Axis Bank	2,200,000	19,395,778
Bank Central Asia	14,000,000	23,884,217
BHP Billiton	800,000	18,328,882
Boral	3,300,000	19,299,033
China Everbright International	12,500,000	19,364,093
CP All	8,500,000	18,584,079
CSL	147,459	16,185,062
Ctrip.Com International	300,000	13,588,795
Geely Automobiles	7,500,000	24,977,172
Godrej Consumer Products	1,500,000	23,942,334
Gree Electric Appliances (Warrant 16/07/2018)	4,199,833	32,317,791
Hang Seng Bank	800,000	19,286,179
HDFC Bank	956,200	28,579,524
Hengan International Group	1,500,000	15,274,371
Hotel Shilla	180,000	13,589,689
Indusind Bank	1,750,000	45,961,145
Jiangsu Hengrui Medicine (Warrant 21/11/2018)	4,131,496	43,107,806
Kasikornbank	3,300,000	24,275,912
LG Household & Healthcare	20,000	21,221,860
Ping An Insurance Group Company of China	3,700,000	35,485,982
Prada	3,600,000	14,039,969
Rio Tinto	300,000	18,236,432
Samsung Biologics	50,000	21,273,099
Samsung Electronics	9,000	20,598,651
Samsung Life Insurance	120,000	12,646,575
Sunny Optical Technology	3,500,000	58,086,721
Sydney Airport	5,000,000	27,601,328
Taiwan Semiconductor Manufacturing	3,500,000	28,878,226
TAL Education Group	720,000	27,946,088
Tencent Holdings	662,500	35,267,231
Treasury Wine Estates	1,700,000	21,271,880
Venture Corporation	1,500,000	29,559,042
Yum China Holdings	700,000	29,426,303

The Unaudited Schedule of Changes in Investments reflects the aggregate purchases of a security exceeding one percent of the total value of purchases for the period and aggregate sales of a security exceeding one percent of the total sales for the period.

VERITAS FUNDS PLC

VERITAS ASIAN FUND

**UNAUDITED SCHEDULE OF SIGNIFICANT CHANGES IN INVESTMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

Largest sales	Units	Proceeds (USD)
Asian Paints	550,000	9,835,825
Catcher Technology	3,050,000	33,528,002
Geely Automobiles	7,500,000	24,434,601
HDFC Bank (Warrant 08/02/2018)	526,200	15,386,035
Hengan International Group	1,500,000	13,689,953
Hon Hai Precision Industry	5,000,000	17,305,380
Hotel Shilla	180,000	14,395,400
Indusind Bank (Warrant 14/10/2019)	900,000	23,238,903
Jiangsu Hengrui Medicine (Warrant 22/11/2017)	3,331,667	34,709,880
Kweichow Moutai (Warrant 09/11/2017)	439,990	41,707,087
Largan Precision	60,000	7,766,390
Larsen & Toubro	300,000	6,745,682
Larsen & Toubro (Warrant 08/02/2018)	900,000	16,793,470
Macquarie Group	300,000	23,454,107
N C Soft	48,000	17,162,729
NetEase	72,000	21,335,824
Ping An Insurance Group Company of China	1,000,000	9,666,729
Samsonite International	7,000,000	30,560,427
Samsung Electronics	5,000	12,054,023
Samsung Life Insurance	120,000	13,515,647
Sunny Optical Technology	1,500,000	23,057,630
Weichai Power	14,944,849	17,113,726
Yum China Holdings	700,000	29,498,631

The Unaudited Schedule of Changes in Investments reflects the aggregate purchases of a security exceeding one percent of the total value of purchases for the period and aggregate sales of a security exceeding one percent of the total sales for the period.

VERITAS FUNDS PLC
VERITAS GLOBAL FOCUS FUND
UNAUDITED SCHEDULE OF SIGNIFICANT CHANGES IN INVESTMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

Largest purchases	Units	Cost (USD)
Allergan	31,700	5,450,216
American Express	215,600	21,251,959
Black Knight	488,183	23,175,647
Cigna	391,353	65,455,254
Comcast	404,800	14,718,557
CVS Caremark	543,600	37,632,905
Dentsply Sirona	370,200	23,095,535
Express Scripts Holdings	122,000	7,854,165
Facebook	402,900	69,573,149
JP Morgan US Dollar Liquidity Fund	45,000,000	45,000,000
Microsoft	66,800	5,636,664
Reckitt Benckiser	266,902	22,670,148
Unilever	1,088,669	58,365,213

Largest sales	Units	Proceeds (USD)
Airbus Group	662,776	76,471,722
Allergan	49,881	8,534,140
Alphabet	8,433	8,728,661
American Express	151,321	14,211,312
Baidu	266,215	66,483,762
Baxter International	322,530	20,808,608
Capita Group	1,241,327	7,852,374
Charter Communications	37,374	12,646,801
Comcast	478,329	17,140,920
CVS Caremark	148,451	10,448,724
Dentsply Sirona	93,459	6,208,949
Express Scripts Holdings	1,018,632	71,016,101
JP Morgan US Dollar Liquidity Fund	40,000,000	40,000,000
London Stock Exchange Group	387,128	20,961,937
Microsoft	364,777	32,073,949
Millicom International Cellular SA	173,708	11,642,562
QUALCOMM	168,187	11,180,231
Rolls Royce	888,985	10,496,592
Safran SA	1,033,033	105,971,410
Sonic Healthcare	667,468	11,390,671
Thermo Fisher Scientific	49,180	9,389,937
United Health Group	43,330	9,113,599
Waters	64,428	12,907,521

The Unaudited Schedule of Changes in Investments reflects the aggregate purchases of a security exceeding one percent of the total value of purchases for the period and aggregate sales of a security exceeding one percent of the total sales for the period.

VERITAS FUNDS PLC
VERITAS GLOBAL EQUITY INCOME FUND
UNAUDITED SCHEDULE OF SIGNIFICANT CHANGES IN INVESTMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

Largest purchases	Units	Cost (GBP)
CVS Caremark	275,600	14,453,060
Fortune Real Estate Investment Trust	14,282,237	12,741,953
Reckitt Benckiser	73,390	4,413,744
Sanofi	200,900	11,772,641
Unilever	299,811	11,339,803
Welltower	103,400	5,377,642

Largest sales	Units	Proceeds (GBP)
Aena SA	56,200	7,966,815
Airbus Group	206,200	15,912,379
Ascendas Real Estate Investment Trust	3,630,600	5,424,567
Aurizon Holdings	7,575,469	21,815,707
BP	4,146,608	21,160,337
British American Tobacco	93,000	4,554,470
Capita Group	1,085,000	5,232,852
CVS Caremark	368,400	18,493,081
ENI	1,807,400	22,815,226
Global Logistic Properties	15,276,600	28,074,710
HSBC Holding	3,801,229	29,184,086
London Stock Exchange Group	448,000	17,184,772
Microsoft	353,100	22,438,759
Millicom International Cellular SA	189,100	9,085,227
Netlink NBN Trust	14,447,400	6,673,809
Novartis	325,800	19,643,059
Pfizer	232,600	6,185,499
QUALCOMM	334,000	16,571,534
Red Electrica Corporacion	589,100	9,502,112
Safran SA	471,400	37,064,101
Sanofi	74,100	5,008,118
Singapore Telecommunications	8,709,100	18,140,375
Sonic Healthcare	1,616,700	20,899,208
Stericycle 5.25% 15/09/2018	356,000	12,193,505
Unibail Rodamco	27,600	5,337,938
United Overseas Bank	984,000	13,787,176
Welltower	136,700	7,053,239

The Unaudited Schedule of Changes in Investments reflects the aggregate purchases of a security exceeding one percent of the total value of purchases for the period and aggregate sales of a security exceeding one percent of the total sales for the period.

VERITAS FUNDS PLC
VERITAS CHINA FUND

UNAUDITED SCHEDULE OF SIGNIFICANT CHANGES IN INVESTMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

Largest purchases	Units	Cost (USD)
AAC Technologies	80,000	1,687,932
AIA Group	290,000	2,245,368
Aier Eye Hospital Group (Warrant 29/01/2019)	150,000	833,064
Alibaba Group	5,000	892,543
Bitauto Holdings	20,000	633,170
BYD	100,000	946,420
China Lodging Group	12,000	1,560,441
China Molybdenum	1,000,000	794,266
Geely Automobiles	500,000	1,697,002
Hangzhou (Warrant 20/06/2018)	179,975	1,093,750
Han's Laser Technology (Warrant 11/03/2019)	99,986	913,688
Hengan International Group	80,000	813,873
Jiangsu Hengrui Medicine (Warrants 21/11/2018)	99,993	1,001,265
Kweichow Moutai (Warrant 09/11/2017)	30,000	2,393,928
NetEase	3,000	998,307
Ping An Insurance Group Company of China	80,000	875,391
Qudian	20,000	633,866
Shanghai Fosun Pharmaceutical Group	180,000	1,168,229
Sinopec Shanghai Petro	1,000,000	617,677
Sunny Optical Technology	85,000	1,308,574
TAL Education Group	70,000	2,337,075
Tencent Holdings	25,000	1,333,463
Tingyi	650,000	1,352,808
Vipshop Holdings	60,000	1,099,404
Weibo Corporation	10,000	1,125,787
Wuxi Lead Intelligent Equipment (Warrant 14/11/2018)	100,000	1,182,533
Yum China Holdings	20,000	855,610
Zhuzhou CSR Times Electric	100,000	558,097

The Unaudited Schedule of Changes in Investments reflects the aggregate purchases of a security exceeding one percent of the total value of purchases for the period and aggregate sales of a security exceeding one percent of the total sales for the period.

VERITAS FUNDS PLC
VERITAS CHINA FUND
UNAUDITED SCHEDULE OF SIGNIFICANT CHANGES IN INVESTMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

Largest sales	Units	Proceeds (USD)
AAC Technologies	50,000	886,598
AIA Group	190,000	1,603,825
Alibaba Group	5,000	972,212
Briilliance China Auto	500,000	1,372,867
Chow Tai Fook Jewellery Company	983,000	1,056,290
CSPC Pharmaceutical	550,000	1,261,036
Fortune Real Estate Investment Trust	600,000	737,922
Geely Automobiles	500,000	1,681,827
Hangzhou (Warrant 20/06/2018)	179,975	1,037,978
Hengan International Group	80,000	846,079
Jiangsu Hengrui Medicine (Warrants 21/11/2018)	99,993	987,777
Kweichow Moutai (Warrant 09/11/2017)	30,000	2,803,384
NetEase	6,000	1,807,080
New Oriental Education and Technology	10,000	825,382
Qudian	20,000	536,812
Samsonite International	150,000	609,525
Shangri-La Asia	500,000	990,959
Sunny Optical Technology	130,000	2,184,869
TAL Education Group	30,000	982,886
Tencent Holdings	25,000	1,380,757
Vipshop Holdings	60,000	1,067,663
Weibo Corporation	10,000	1,284,504
Wuxi Lead Intelligent Equipment (Warrant 14/11/2018)	100,000	895,721
Yum China Holdings	20,000	906,967

The Unaudited Schedule of Changes in Investments reflects the aggregate purchases of a security exceeding one percent of the total value of purchases for the period and aggregate sales of a security exceeding one percent of the total sales for the period.

VERITAS FUNDS PLC
VERITAS GLOBAL REAL RETURN FUND
UNAUDITED SCHEDULE OF SIGNIFICANT CHANGES IN INVESTMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

Largest purchases	Units	Cost (GBP)
Alphabet	900	712,755
American Express	15,600	1,098,430
Black Knight	41,900	1,424,776
Cigna	34,118	4,036,345
Convatec group	1,010,200	1,980,528
CVS Caremark	45,200	2,381,883
Dentsply Sirona	53,700	2,369,201
Facebook	35,000	4,342,146
Microsoft	1,400	87,270
Reckitt Benckiser	23,614	1,420,171
Unilever	95,572	3,614,836
Largest sales	Units	Proceeds (GBP)
Airbus Group	54,420	4,662,998
Baidu	16,091	2,900,743
Express Scripts Holdings	88,186	4,414,503
Microsoft	16,700	1,066,990
Millicom International Cellular SA	4,683	228,294
Safran SA	73,000	5,674,367
Sonic Healthcare	14,084	194,940

The Unaudited Schedule of Changes in Investments reflects the aggregate purchases of a security exceeding one percent of the total value of purchases for the period and aggregate sales of a security exceeding one percent of the total sales for the period.

VERITAS FUNDS PLC

VERITAS IZOARD FUND

UNAUDITED SCHEDULE OF SIGNIFICANT CHANGES IN INVESTMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

Largest purchases	Units	Cost (USD)
CVS Caremark	8,100	557,451
Reckitt Benckiser	6,615	561,871
Unilever	27,058	1,450,620

Largest sales	Units	Proceeds (USD)
London Stock Exchange Group	2,685	156,682
Microsoft	4,500	408,986
Safran SA	21,000	2,154,869
Sonic Healthcare	2,806	53,935

The Unaudited Schedule of Changes in Investments reflects the aggregate purchases of a security exceeding one percent of the total value of purchases for the period and aggregate sales of a security exceeding one percent of the total sales for the period.

A full list is available free of charge from the administrator.

VERITAS FUNDS PLC

UNAUDITED SUPPLEMENTARY INFORMATION

1. Total expense ratio

The total expense ratio for each share class of each Sub-Fund for the period ended 31 March 2018 is as follows:

Veritas Asian Fund

USD A Class Shares	1.16%
GBP A Class Shares	1.16%
EUR A Class Shares	1.16%
USD B Class Shares	1.66%
GBP B Class Shares	1.66%
EUR B Class Shares	1.66%
USD C Class Shares	0.91%
GBP C Class Shares	0.91%
USD D Class Shares	0.91%
GBP D Class Shares	0.91%

Veritas Global Focus Fund

USD A Class Shares	1.12%
GBP A Class Shares	1.12%
EUR A Class Shares	1.12%
USD B Class Shares	1.62%
GBP B Class Shares	1.62%
EUR B Class Shares	1.62%
USD C Class Shares	0.87%
GBP C Class Shares	0.87%
EUR C Class Shares	0.87%
USD D Class Shares	0.87%
GBP D Class Shares	0.87%
EUR D Class Shares	0.87%

Veritas Global Equity Income Fund

USD A Class Shares	1.13%
GBP A Class Shares	1.14%
EUR A Class Shares	1.14%
USD B Class Shares	1.64%
GBP B Class Shares	1.64%
EUR B Class Shares	1.64%
USD C Class Shares	0.89%
GBP C Class Shares	0.89%
EUR C Class Shares	0.89%
USD D Class Shares	0.89%
GBP D Class Shares	0.89%
EUR D Class Shares	0.88%
USD E Class Shares	1.64%

Veritas China Fund

USD A Class Shares	1.42%
GBP A Class Shares	1.42%
EUR A Class Shares	1.43%
GBP B Class Shares	1.92%
EUR B Class Shares	1.92%

VERITAS FUNDS PLC

UNAUDITED SUPPLEMENTARY INFORMATION (CONTINUED)

1. Total expense ratio (continued)

Veritas Global Real Return Fund

USD A Class Shares	1.18%
GBP A Class Shares	1.18%
EUR A Class Shares	1.18%
USD B Class Shares	1.68%
GBP B Class Shares	1.68%
EUR B Class Shares	1.68%
USD D Class Shares	1.03%
GBP D Class Shares	1.03%
EUR D Class Shares	1.03%
EUR E Class Shares	1.00%

Veritas Izoard Fund

USD C Class Shares	0.68%
GBP C Class Shares	0.68%

2. Publications

The Extract Prospectus, the documents of the Company listed in the Prospectus, the yearly and half-yearly reports as well as the Articles and the simplified Extract Prospectus, can be obtained, or be ordered free of charge, from the Zurich branch of the Swiss Representative during normal business hours.