Moorgate Funds ICVC

Annual Report

for the year ended 31 March 2024

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Moorgate Funds ICVC

Report of the Authorised Corporate Director ('ACD')

Evelyn Partners Fund Solutions Limited, as ACD, presents herewith the Annual Report for Moorgate Funds ICVC for the year ended 31 March 2024.

Moorgate Funds ICVC ('the Company' or 'the Fund') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 22 October 1999. The Company is incorporated under registration number IC000045. It is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL'), as published by the Financial Conduct Authority ('FCA').

The Company has been set up as an umbrella company. Provision exists for an unlimited number of sub-funds to be included within the umbrella and additional sub-funds may be established by the ACD with the agreement of the Depositary and the approval of the FCA. The sub-funds represent segregated portfolios of assets and, accordingly, the assets of a sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (indirectly or directly) the liabilities of claim against, any other person or body, and any other sub-fund and shall not be available for any such purpose.

The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Company consist predominantly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

The shareholders are not liable for the debts of the Company.

The Company has no Directors other than the ACD.

The Instrument of Incorporation can be inspected at the offices of the ACD.

Copies of the Prospectus and Key Investor Information Document ('KIID') are available on request free of charge from the ACD.

Sub-funds

The Company currently has one sub-fund available for investment, Innovation Fund (‘the sub-fund’).

Investment objective and policy - Innovation Fund

To provide an actively managed approach to asset class, market and stock selection, predominately for long term capital investment, but not to the exclusion of income. This may be achieved either through direct investment in transferable securities or through units in collective investment schemes.

The Fund may also invest in money market instruments, deposits and cash. The Fund may use derivatives for the purposes of Efficient Portfolio Management.

Changes affecting the Company in the year

There were no fundamental or significant changes to the Company in the year.

Further information in relation to the Company is illustrated on page 44.

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, we hereby certify the Annual Report on behalf of the ACD, Evelyn Partners Fund Solutions Limited.

Neil Coxhead
Director
Evelyn Partners Fund Solutions Limited
26 July 2024

Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes sourcebook ('COLL') published by the FCA, requires the Authorised Corporate Director ('ACD') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net revenue and net capital gains on the property of the Company for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for the Financial Statements of UK Authorised Funds ('the SORP') issued by The Investment Association in May 2014 and amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- taking reasonable steps for the prevention and detection of fraud and irregularities; and
- the maintenance and integrity of the Company's information on the ACD's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COLL also requires the ACD to carry out an Assessment of Value on the Company and publish these assessments within the Annual Report.

The ACD is responsible for the management of the Company in accordance with the Instrument of Incorporation, the Prospectus and COLL.

Assessment of Value - Innovation Fund

In line with the provisions contained within COLL 6.6.20R, the Board of Evelyn Partners Fund Solutions Limited ('EPFL') as Authorised Corporate Director ('ACD'), has carried out an Assessment of Value for Innovation Fund ('the sub-fund'). Furthermore, the rules require that EPFL publishes these assessments.

A high-level summary of the outcome of EPFL's rigorous review of the sub-fund, for the year ended 31 March 2024 using the seven criteria set by the FCA is set out below:

	Class B 2000	Class B 2001
1. Quality of Service	🟢	🟢
2. Performance	🟡	🟡
3. ACD Costs	🟢	🟢
4. Economies of Scale	🟢	🟢
5. Comparable Market Rates	🟢	🟢
6. Comparable Services	🟢	🟢
7. Classes of Shares	🟢	🟢
Overall Rating	🟢	🟢

EPFL has adopted a traffic light system to show how it rated the sub-fund:

🟢 On balance, the Board believes the sub-fund has delivered value to shareholders, with no material issues noted.

🟡 On balance, the Board believes the sub-fund has delivered value to shareholders, but may require some action.

🔴 On balance, the Board believes the sub-fund has not delivered value to shareholders and significant remedial action is now planned by the Board.

How EPFL assessed each of the seven criteria and the rating arrived at are discussed in greater detail on the following pages.

EPFL has created an Assessment of Value Committee ('AVC'), for the review, challenge and approval of all funds' Assessments of Value. Ultimately the assessments will be subject to scrutiny by the Board (which includes independent directors) to ensure the outcomes of the assessments are clear and fair, before final sign-off by the chair of the Board prior to communicating to investors if the sub-fund has delivered value, and if not, where improvements need to be made.

In carrying out the assessment, the EPFL AVC has separately considered, the following seven criteria stipulated by the FCA. The Committee may also have considered other issues where it was deemed appropriate.

EPFL believes the Assessment of Value can make it easier for investors to both evaluate whether the sub-fund is providing them with value for money and make more informed decisions when choosing investments.

The seven criteria are:

(1) Quality of service – the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;

(2) Performance – how the sub-fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;

(3) ACD costs – the fairness and value of the sub-fund's costs, including entry and exit fees, early redemption fees, administration charges;

(4) Economies of scale – how costs have been or can be reduced as a result of increased assets-under-management ('AUM'), and whether or not those savings have been passed on to investors;

(5) Comparable market rates – how the costs of the sub-fund compare with others in the marketplace;

(6) Comparable services – how the charges applied to the sub-fund compare with those of other funds administered by EPFL;

(7) Classes of shares – the appropriateness of the classes of shares in the sub-fund for investors.

Assessment of Value - Innovation Fund (continued)

1. Quality of Service

What was assessed in this section?

Internal Factors

EPFL, as ACD, has overall responsibility for the sub-fund. The Board assessed, amongst other things: the day-to-day administration of the sub-fund; the maintenance of scheme documentation (such as prospectuses and key investor information documents ('KIIDs')); the pricing and valuation of shares; the calculation of income and distribution payments; the maintenance of accounting and other records; the preparation of annual audited and half-yearly Report & Accounts; the review of tax provisions and submission of tax computations to HMRC; the maintenance of the register of shareholders; the quality of marketing material sent to shareholders and the dealing and settlement arrangements. EPFL delegates the Investment Management of the sub-fund to two Investment Management firms.

The Board reviewed information provided by EPFL's control functions on the adequacy of its internal services, including governance, operations and monitoring. Elements important to the investor experience such as the timely payment of settlement and distribution monies were also reviewed. Over the past year, EPFL has been audited by internal and external auditors, the sub-fund's Depositary and various EPFL delegated Investment Managers.

External Factors

The Board assessed the delegates' skills, processes and experience. Also considered were any results from service review meetings as well as the annual due diligence performed by EPFL on the delegated Investment Managers, Goldman Sachs International and Quilter Cheviot Limited where consideration was given to, amongst other things, the delegates' controls around the sub-fund's liquidity management.

The Board also considered the nature, extent and quality of administrative and shareholder services performed under separate agreements covering depositary services, custodians, as well as services provided with regard to both audit and legal functions.

What was the outcome of the assessment?

Internal Factors

The Board recognised that all distribution and settlement monies were paid in a timely manner and that there were no significant findings as a result of the various audits performed on EPFL during the year. In addition, EPFL has performed its own independent analysis, using automated systems, of the sub-fund's liquidity. The Board concluded that EPFL had carried out its duties diligently.

External Factors

The Board concluded that the nature, extent and quality of the services provided by the external parties have benefitted and should continue to benefit the sub-fund and its shareholders.

Were there any follow up actions?

There were no follow-up actions required.

2. Performance

What was assessed in this section?

The Board reviewed the performance of the sub-fund, after the deduction of all payments out of the scheme property as set out in the Prospectus. Performance, against its benchmark, was considered over appropriate timescales having regard to the sub-fund's investment objective, policy and strategy. The Board also considered whether an appropriate level of market risk had been taken.

Investment Objective

The sub-fund seeks to provide an actively managed approach to asset class, market and stock selection, predominately for long term capital investment, but not to the exclusion of income.

Benchmark

As ACD, EPFL is required to explain in a fund's scheme documentation why a benchmark is being used or alternatively explain how investors should assess performance of a fund in the absence of a benchmark.

Assessment of Value - Innovation Fund (continued)

2. Performance (continued)

Benchmark (continued)

The benchmark for the sub-fund is the IA Global Sector, which is a comparator. A 'comparator' benchmark is an index or similar factor against which an investment manager invites investors to compare a fund's performance. Details of how the sub-fund has performed against its comparator benchmark over various timescales can be found below.

Cumulative Performance as at 29 February 2024 (%)

	Currency	1 year	3 year	5 year
IA Global Sector	GBP	12.89	22.81	61.70
Innovation Fund Class B 2000	GBX	12.92	16.35	54.65
Innovation Fund Class B 2001	GBX	12.92	16.36	54.66

Data provided by FE fundinfo. Care has been taken to ensure that the information is correct but FE fundinfo neither warrants, represents nor guarantees the contents of the information, nor does it accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.
Performance shown is representative of all share classes. Performance is calculated net of fees. Past performance is not a guide to future performance.

What was the outcome of the assessment?

The Board assessed the performance of the sub-fund over its minimum recommended holding period of five years and observed that it has performed behind its comparator benchmark, the IA Global Sector, and as a result an Amber rating was given.

Consideration was given to the risk metrics associated with the sub-fund which focused on, amongst other things, volatility and risk adjusted returns where EPFL were comfortable that the outcomes were in line with the sub-fund's performance.

The Board found that the sub-fund is investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last 12 months,

Were there any follow up actions?

EPFL will continue to monitor performance through its normal oversight process, at least bi-annually.

3. ACD Costs

What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflected the services provided. This included the annual management charge ('AMC'), Depositary/Custodian fees and audit fee. The AMC includes the ACD's periodic charge and the Investment Managers' fees.

The charges should be transparent and understandable to the investor, with no hidden costs.

What was the outcome of the assessment?

The Board received and considered information about each of the sub-fund's costs, and concluded that they were fair, reasonable and provided on a competitive basis.

Were there any follow up actions?

There were no follow-up actions required.

4. Economies of Scale

What was assessed in this section?

The Board reviewed each separate fee structure and the AUM of the sub-fund to examine the effect on the sub-fund to potential and existing investors should it increase or decrease in value.

What was the outcome of the assessment?

Both the Investment Managers' fees and the ACD's periodic charge are a fixed percentage rate meaning there are no opportunities for savings going forward should the sub-fund grow in size.

The ancillary charges of the sub-fund represent 10 basis points[1]. Some of these costs are fixed and as the sub-fund grows in size may result in a small reduction in the basis point cost of these services.

Were there any follow up actions?

There were no follow-up actions required.

[1] One basis point is equal to 1/100th of 1%, or 0.01%. Figure calculated at interim report, 30 September 2023.

Assessment of Value - Innovation Fund (continued)

5. Comparable Market Rates

What was assessed in this section?

The Board reviewed the ongoing charges figure ('OCF') of the sub-fund and how those charges affect its returns.

The OCF of the sub-fund was compared against the 'market rate' of similar external funds.

What was the outcome of the assessment?

The OCF of 0.95%[1] was found to have compared favourably with those of similar externally managed funds.

The sub-fund does not have a performance fee and EPFL has not charged an entry fee, exit fee or any other event-based fees.

Were there any follow up actions?

There were no follow-up actions required.

6. Comparable Services

What was assessed in this section?

The Board compared the sub-fund's Investment Managers' fees with those of other funds administered by EPFL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

The Investment Managers' fees were found to have compared favourably with other EPFL administered funds displaying similar characteristics.

Were there any follow up actions?

There were no follow-up actions required.

7. Classes of Shares

What was assessed in this section?

The Board reviewed the sub-fund's set-up to ensure that where there are multiple share classes, shareholders were in the correct share class given the size of their holding.

What was the outcome of the assessment?

There are two share classes in the sub-fund, Class B 2000 and Class B 2001. As both classes share the same characteristics in respect of charges, this part of the assessment does not apply.

Were there any follow up actions?

There were no follow-up actions required.

Overall Assessment of Value

Notwithstanding the matter raised in section 2, the Board concluded that Innovation Fund had provided value to shareholders.

Dean Buckley

Chairman of the Board of Evelyn Partners Fund Solutions Limited

30 May 2024

Consumer Feedback

On reviewing this Assessment of Value report, we would welcome invaluable feedback from investors via our short questionnaire which can be found online:

https://www.evelyn.com/services/fund-solutions/assessment-of-value/

Investors views are invaluable to the development and delivery of this report.

Should you be unable to access the questionnaire online please contact us directly on 0141 222 1151 and we will provide you with a paper copy of the questionnaire.

[1] Figure calculated at interim report, 30 September 2023.

Report of the Depositary to the shareholders of Moorgate Funds ICVC

Depositary's responsibilities

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's revenue is applied in accordance with the Regulations; and
- the instructions of the Authorised Corporate Director ('ACD') are carried out (unless they conflict with the Regulations).

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

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the Regulations and the Scheme documents of the Company, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited
26 July 2024

Independent Auditor's report to the shareholders of Moorgate Funds ICVC

Opinion

We have audited the financial statements of Moorgate Funds ICVC (the 'Company') for the year ended 31 March 2024, which comprise the Statement of total return, Statement of change in net assets attributable to shareholders, Balance sheet, the related Notes to the financial statements, including significant accounting policies and the Distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the financial position of the Company as at 31 March 2024 and of the net revenue and the net capital gains on the scheme property of the Company for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the Investment Association Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes sourcebook (COLL Rules) of the Financial Conduct Authority and the Instrument of Incorporation.

Basis for Opinion

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

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Annual report other than the financial statements and our auditor's report thereon. The Authorised Corporate Director is responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the COLL Rules

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

- Proper accounting records for the Company have been kept and the accounts are in agreement with those records;
- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- The information given in the Report of the Authorised Corporate Director for the year is consistent with the financial statements.

Independent Auditor's report to the shareholders of Moorgate Funds ICVC (continued)

Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of the Authorised Corporate Director's responsibilities set out on page 3, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK Generally Accepted Accounting Practice including Financial Reporting Standard 102 and the IA Statement of Recommended Practice for Authorised Funds;
- The Financial Conduct Authority's COLL Rules; and
- The Company's Prospectus.

We gained an understanding of how the Company is complying with these laws and regulations by making enquiries of the Authorised Corporate Director. We corroborated these enquiries through our review of submitted returns, external inspections, relevant correspondence with regulatory bodies and the Company's breaches register.

Independent Auditor's report to the shareholders of Moorgate Funds ICVC (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how the Authorised Corporate Director was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Authorised Corporate Director oversees the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. We identified a heightened fraud risk in relation to:

- Management override of controls; and
- The completeness and classification of special dividends between revenue and capital.

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing the level of and reasoning behind the Company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity and reviewing judgements made by the Authorised Corporate Director in its calculation of accounting estimates for potential management bias;
- Using a third-party independent data source to assess the completeness of the special dividend population and determining whether special dividends recognised were revenue or capital in nature with reference to the underlying circumstances of the investee companies' dividend payments;
- Assessing the Company's compliance with the key requirements of the Collective Investment Schemes sourcebook and its Prospectus;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the IA Statement of Recommended Practice for Authorised Funds; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

Use of Our Report

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the COLL Rules issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL
26 July 2024

Accounting policies of Moorgate Funds ICVC

for the year ended 31 March 2024

a *Basis of accounting*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments. They have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and in accordance with the Statement of Recommended Practice for UK Authorised Funds ('the SORP') published by The Investment Association in May 2014 and amended in June 2017, and the requirements of the Collective Investment Schemes sourcebook ('COLL').

The ACD has considered a detailed assessment of the sub-fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the sub-fund continues to be open for trading and the ACD is satisfied the sub-fund has adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

b *Valuation of investments*

The purchases and sales of investments are included up to close of business on the last business day of the accounting year.

Purchases and sales of investments are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver an asset arises.

The quoted investments of the sub-fund have been valued at the global closing bid-market prices ruling on the principal markets on which the stocks are quoted on the last business day of the accounting year.

Collective investment schemes are valued at the bid price for dual priced funds and at the single price for single priced funds and are valued at their most recent published price prior to the close of business valuation on 31 March 2024.

Derivatives are valued at the price which would be required to close out the contract at the balance sheet date.

c *Foreign exchange*

The base currency of the sub-fund is UK sterling which is taken to be the sub-fund's functional currency.

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of such transactions. The resulting exchange differences are disclosed in note 2 of the Notes to the financial statements.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

d *Revenue*

Revenue is recognised in the Statement of total return on the following basis:

Dividends from quoted equity instruments and non equity shares are recognised as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

Overseas dividends are recognised as revenue gross of any withholding tax and the tax consequences are recognised within the tax expense.

Distributions from collective investment schemes are recognised as revenue on the date the securities are quoted ex-dividend. Equalisation on distributions from collective investment schemes is deducted from the cost of the investment and does not form part of the sub-fund's distribution.

Distributions from collective investment schemes which are re-invested on behalf of the sub-fund are recognised as revenue on the date the securities are quoted ex-dividend and form part of the sub-fund's distribution.

Excess reportable income from reporting offshore funds is recognised as revenue when the reported distribution rate is available and forms part of the sub-fund's distribution.

Compensation is treated as either revenue or capital in nature depending on the facts of each particular case.

d *Revenue (continued)*

Special dividends are treated as either revenue or a repayment of capital depending on the facts of each particular case.

Interest on bank deposits and short term deposits is recognised on an accruals basis.

Ordinary scrip dividends are recognised wholly as revenue on the basis of the market values of the shares on the date that they are quoted ex-dividend. Where an enhancement is offered the amount by which the market value of the shares on the date they are quoted ex-dividend exceeds the cash dividend is taken to capital. The ordinary element of scrip dividends is treated as revenue and forms part of the sub-fund's distributions.

e *Expenses*

All expenses, other than those relating to the purchase and sale of investments, are charged to revenue on an accrual basis.

Bank interest paid is charged to revenue.

f *Allocation of revenue and expenses to multiple share classes*

All revenue and expenses which are directly attributable to a particular share class are allocated to that class. All revenue and expenses which are attributable to the sub-fund are allocated to the sub-fund and are normally allocated across the share classes pro rata to the net asset value of each class on a daily basis.

g *Taxation*

Tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

UK corporation tax is provided as amounts to be paid/recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at 31 March 2024 to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Provision for deferred tax assets are only made to the extent the timing differences are expected to be of future benefit.

All foreign dividend revenue is recognised as a gross amount which includes any withholding tax deducted at source. Where foreign tax is withheld in excess of the applicable treaty rate a tax debtor is recognised to the extent that the overpayment is considered recoverable.

When a disposal of a holding in a non-reporting offshore fund is made, any gain is an offshore income gain and tax will be charged to capital. There may be instances where tax relief is due to revenue for the utilisation of excess management expenses.

h *Efficient Portfolio Management*

Where appropriate, certain permitted instruments such as derivatives or forward currency contracts may be used for Efficient Portfolio Management purposes. Where such instruments are used to protect or enhance revenue, the revenue or expenses derived therefrom are included in the Statement of total return as revenue related items and form part of the distribution. Where such instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in the Statement of total return as capital related items.

i *Dilution levy*

The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all shareholders and potential shareholders. Please refer to the Prospectus for further information.

j Distribution policies

i Basis of distribution

The distribution policy is to distribute all available revenue after deduction of expenses payable from revenue. Distributions attributable to income shares are paid to shareholders.

ii Unclaimed distributions

Distributions to shareholders outstanding after 6 years are taken to the capital property of the sub-fund.

iii Revenue

All revenue is included in the final distribution with reference to policy d.

iv Expenses

Expenses incurred against the revenue of the sub-fund are included in the final distribution, subject to any expense which may be transferred to capital for the purpose of calculating the distribution, with reference to policy e.

Investment Manager's report - Goldman Sachs International

At the balance sheet date Goldman Sachs International managed 54.13% of the net asset value of the sub-fund. The Investment Manager manages the portfolio in line with the investment objective and policy of the sub-fund.

Investment performance

Innovation Fund Global Equity Partners (GEP): 01/04/2023 to 31/03/2024: +20.03%^

Global Equity Partners (GEP) is a long-only, large cap core strategy which invests in developed market equities. The strategy seeks to invest in quality companies with the hallmarks of excellent businesses that are not fully reflected in the share price.

Following the difficulties of 2022, many predictions were for slower economic growth, if not recession, in 2023. Despite this, the year started with a broad market recovery, which soon began to polarise into a few areas of strength. Global Equities returned 23.8% through the course of the year, with the first half of the year staging a strong recovery as elements of the macro-economic environment normalised, including the reopening in China and the easing of supply chain disruptions. A mini-crisis in the banking sector in March, caused by the collapse of certain regional banks in the US, failed to stem the technology-led rally, which was fuelled by excitement around the anticipated benefits of Artificial Intelligence ('AI') and continuing earnings growth.

However, the start of the second half of 2023 saw a reversal in this momentum as macro-economic headwinds re-materialised. As hints towards continuation of ‘higher for longer’ interest rates sparked concerns around tighter policy measures moving forward. Moreover, concerns around China’s growth prospects and the deteriorating geo-political environment weighed on investor sentiment resulting in a lacklustre start to latter half of the year. However, the market continued its rally in the final quarter of the year as interest rate concerns abated and company fundamentals reasserted themselves, with share prices responding well to positive earnings surprise.

During the start of 2024, Global Equities showed an accelerated positive momentum. Market environment was governed by the release of corporate earnings along with comparatively resilient economic data. While the hopes of a rate cut in March have been pushed, the US Federal Reserve ('Fed') continues to keep the rates on hold at 5.25-5.5%. The inflation rate slowed to 3.1 in US and remained around the earlier level of 4% for UK. Additionally, the composite Purchasing Managers' Index ('PMI') also posted growth across key regions suggesting expansion in activity during the month. There were talks of Japan slipping into technical recession posting a second consecutive fall in Gross Domestic Product ('GDP'). However, the markets weren’t overly affected by the news as the GDP numbers were revised later up to a slight expansion. The expectations for Japan to end its negative interest rate policy remain intact.

During quarter 1 2024, market performance was supported by earnings beat from almost 3/4th of the companies that reported results. The numbers from some of the “magnificent seven” tech companies were particularly good pushing the gains during the month. The rally was led by stocks in Consumer Discretionary and Information Technology sectors while Utilities lagged. The picture was similar in Japan with stocks showing earnings resilience in their quarterly announcements.

Investment activities*

Sales:

Security	**Sector**	**Type**	**Reasons**
First Republic Bank	Financials	Cyclical Sensitive	Market contagion fear around liquidity issues in US regional banks.
Veralto	Industrials	Secular Growth	Spin-off by Danaher, while the company stands to generate modest growth over the long term, we remain more bullish on the parent’s diversified business model and competitive advantages.
Nidec	Industrials	Secular Growth	Remain concerned around the company’s corporate governance practices and succession planning; reduced optimism around Nidec’s success in the EV business due to poor operational execution.
Burlington Stores	Consumer Discretionary	Secular Growth	Inflationary pressures on low-end consumer have not been offset by down trading from middle-income consumer yet, disappointing execution.

^Source: Goldman Sachs International calculates daily time weighted basis and is generated by Goldman Sachs’ internal system. Past performance is not indicative of future results, which may vary.

*Source: Goldman Sachs Asset Management and FactSet.

Investment Manager's report - Goldman Sachs International (continued)

Investment activities* (continued)

Sales (continued):

Security	Sector	Type	Reasons
InterContinental Hotels Group	Consumer Discretionary	Cyclical Sensitive	Strong earnings, recovery in Chinese markets and improvement in USA's signings; exited stock after booking profits as valuation consideration came into play.
Reckitt Benckiser Group	Consumer Staples	Secular Growth	While we expect earnings to show signs of troughing, we believe that Reckitt's earnings growth visibility is fading. There has also been limited evidence of the new management and their strategy yield satisfactory results. Given this fundamental uncertainty, we decided to sell out of the position and allocate capital elsewhere.

Purchases:

Security	Sector	Type	Reasons
Waste Management	Industrials	Cycle Resistant	Offers a solid combination of quality, growth and defensiveness, alongside an additional upside opportunity through its sustainability investments.
Danaher	Health Care Resistant	Cycle Resistant	Stands to benefit from multiple tailwinds including strong demand for bio-processing products, increase efforts towards achievement of sustainability targets and rising need for new medical therapies and drugs.
Microsoft	Information Technology	Secular Growth	Attractive long-term structural growth characteristics of dominant software and cloud business models; well positioned to benefit from the rush towards AI.
TotalEnergies	Energy	Cyclical Sensitive	Offers an attractive exposure to cash generation from traditional energy assets, in addition to growth prospects via the energy transition business.
Estee Lauder	Consumer Staples	Secular Growth	Offers good diversification of products and well distributed income across the globe; stands to benefit from shift towards more dynamic distribution channels more digital presence to reach younger consumers.

Investment strategy and outlook*

Looking ahead to the rest of 2024, the Fed's easing cycle could be pushed back - whilst the possibility of a rate cut in June hasn't been entirely ruled out, the pattern of inflation surprises suggests the easing cycle might begin later in the summer, potentially in July or September. Our view is now for a first cut in July and for two over the course of the year. We've adopted a cautious stance on rates in our multi-sector and aggregate funds. Despite our inflationary pressures indicators showing progress on inflation, the recent momentum coupled with robust growth suggests yields may rise further as market expectations adjust to anticipate a slower rate-cutting cycle.

With near-term risks skewed towards inflation rather than growth, we're aware that the correlation between rates and risk assets could become less negative or positive. The US dollar has benefited from the significant increase in US Treasury yields. Currency volatility remains subdued due to global rates rising in tandem and the People's Bank of China's intervention. Should these conditions change, currency volatility could escalate. We remain constructive on the corporate earnings outlook, we expect developed markets to generate attractive earnings growth driven by a resilient economy.

Goldman Sachs International
17 April 2024

*Source: Goldman Sachs Asset Management and FactSet.

Investment Manager's report - Quilter Cheviot Limited

At the balance sheet date Quilter Cheviot Limited managed 45.87% of the net asset value of the sub-fund. The Investment Manager manages the portfolio in line with the investment objective and policy of the sub-fund.

Investment performance*

The performance of the Innovation Fund over the review period, and over the longer term, is as follows:

	1 year	3 year	5 year
Innovation Fund - Quilter Cheviot Limited	12.38%	10.38%	38.57%
IA Global Sector	16.74%	23.18%	62.71%

Market and Economic commentary**

The second quarter of 2023 was more or less flat for many UK-based investors with multi-asset portfolios. While it was another positive period for global stock markets, sterling appreciation pared gains for UK based investors to just over 3%, UK equities lagged, and gilts had another poor quarter.

A sense of calm returned to markets from March, with gauges of volatility on US stocks falling to two-year lows, largely thanks to well-known risks not materialising. The fears around widespread contagion in the US regional banking sector did not come to pass and US politicians reached an 11th hour deal to avert a US debt default. The first armed uprising in Russia in over three decades served as a timely reminder of the ongoing instability in the region and the potential for knock-on effects further afield, but in hindsight the events that led to the large speculation, not much had changed from a financial market viewpoint.

Moving into the third quarter of the year, leading central banks gave the clearest signal yet that they were at, or at least very near, the end of their hiking cycles following September's policy meetings. The Bank of England ('BoE') voted narrowly in favour of maintaining the base rate at 5.25%, the move ended a run of 14 consecutive interest rate increases since December 2021. Although the 5-4 vote split to maintain the base rate at 5.25% was by the smallest margin, notably it was supported by prominent members of the panel; governor Andrew Bailey, deputy governors Ben Broadhurst and Sir Dave Ramsden and chief economist Huw Pill.

The announcement came the day after the latest UK consumer price index ('CPI') reading showed an unexpected drop to 6.7% year-on-year - its lowest level since early 2022 after peaking at 11.1% in October 2022.

In the US, the Federal Reserve ('Fed') also decided against further tightening, keeping its benchmark rate in the 5.25%-5.50% range. This marked the second time in two meetings that US rate setters had opted for a pause, although upwards revisions to expected future rates in the summary of economic projections – also known as the “dot plot” – pushed bond yields to new highs.

The market reaction was larger than the modest revisions, suggesting that investors were re-pricing their own interest rate expectations and coming more in line with what the Fed was communicating. This had occurred by the market pricing out rate cuts over the next 18 months, rather than expecting a significant increase in interest rates. The shift in overall market sentiment gained momentum following this September Fed policy meeting. Shortly afterwards, the US 10-year Treasury yield closed above 4.5% for the first time since 2007.

The European Central Bank ('ECB') had raised interest rates to an all-time high in a bid to cool consumer prices, but the euro fell after the central bank signalled its cycle of increases was near its end. The euro fell to a three-month low against the dollar after that decision. In the late afternoon of that announcement, the currency was down 0.75% on the day.

A sizeable depreciation in the sterling to US dollar exchange rate insulated UK-based investors from broader equity market declines in Q3. A 4% depreciation in the GBP/USD rate pushed Global and North American returns into positive territory, although a broadly flat EUR/GBP rate meant that Europe ex UK stocks declined (-2.09%).

Government bond market returns in Q3 explain a large amount of equity market returns, with the UK outperforming and US and Eurozone lagging in local currency terms. Good news on inflation and a less hawkish BoE had provided support for gilts, although there had still been notable weakness in the long end of the curve and in linkers. The ‘higher for longer’ narrative weighed on US and European bonds.

*Source: Figaro (Capital Returns Only). Performance is to 31/03/24.

** Source: Refinitiv Datastream & Interactive Data.

Investment Manager's report - Quilter Cheviot Limited (continued)

Market and Economic commentary* (continued)

Given our view of where we were in the monetary policy cycle, we favoured being overweight duration. Although credit performed well the previous quarter, we remained cautious in this regard due to the potential for forthcoming economic weakness and preferred to be underweight versus sovereign.

The sizeable drop in sterling versus the dollar (-3.97%) had a positive impact on overseas holdings for UK investors. After a good run higher earlier in the year, the exchange rate was back around the level it began 2023.

Renewed supply cuts and a stronger global economy had boosted the price of oil (+26.8%) with international benchmark Brent crude rising strongly in the quarter to trade back near the US$100-a-barrel mark. Elsewhere, Gold traded heavily, with a -3.68% performance in Q3, as it's coming under pressure from significantly positive real rates in the US.

China's economy was showing signs of stabilisation following central bank stimulus measures, although the outlook remained clouded by the ongoing property downturn, high debt levels and geopolitical tensions with the US. The oil price rose sharply in the third quarter, with international benchmark Brent crude gaining 26% to US$96 a barrel- its highest level since November 2022.

A stellar last couple of months of 2023 meant that global stock markets ended 2023 firmly higher (in sterling terms). The Q4 rally was largely based on a growing expectation of a significant reduction in interest rates in 2024 as central banks looked to change tack in the belief that they have done enough for now in the fight against inflation. The move in equities was supported by strong gains in bond markets, with UK investment-grade corporate bonds, in particular, delivering sizable returns of 9.7% on the year.

The catalyst for the gains was the dovish shift among rate setters, a "soft landing" possibility was becoming more and more believable as most major economies had fared better than feared in the higher interest rate environment. The UK defied widespread forecasts for a recession, the US posted solid growth figures and even though the European Union may have slipped into a recession, if it has it has been pretty shallow thus far.

There was a risk that markets had gotten a little bit ahead of themselves in believing that once rates start being reduced, they will continue to do so. BoE rate setters have pushed back against these market expectations and this more hawkish stance, coupled with relative fiscal stability compared to 2022, has provided support for sterling with the pound to dollar exchange rate ending 2023 at 1.27, up 5.4%.

A stronger pound, along with a slower-than-expected recovery in China, weighed on UK stocks which lagged global peers with a 7.7% return. Whilst European stocks in general performed well.

UK bonds had a much more stable 2023 than the previous year, with gilt benchmarks delivering returns of 3.6%. The expectation that rates will stop rising and reductions were imminent has supported bonds and thus they provided some ballast to portfolios. The long-end of the gilt curve and index-linked bonds underperformed slightly but still delivered positive returns, while UK corporates thrived in an environment where economic growth surpassed expectations and rate cuts started to be priced in.

Looking back at 2023 as a whole, it was a good year for investors as pessimistic expectations were surpassed and financial markets priced in not only an end to interest rate increases, but significant reductions in 2024. US equities were a clear bright spot as the world's largest economy recorded surprisingly good growth and large-cap tech stocks benefitted from the growing interest in AI. While UK equities underperformed, they outperformed the previous year, and the rotation provides a good example of the benefits of holding a diversified portfolio.

There was much reason for optimism for the beginning of 2024.

Global stock markets began 2024 in much the same vein as they ended last year, with the first quarter seeing sizeable gains in US and continental European equities. The persistence of the rally since October is all the more pleasing given that in recent months there has been a significant paring back of market expectations for interest rate cuts this year. This shift has capped the upside for fixed interest investments, with gilt benchmarks returning -1.8% year-to-date.

* Source: Refinitiv Datastream & Interactive Data.

Investment Manager's report - Quilter Cheviot Limited (continued)

Market and Economic commentary* (continued)

US equities have been at the forefront of the advance over the last six months, powered by a robust labour market, strong economic growth and continued exuberance surrounding AI stocks. Inflation has levelled off after falling substantially from its peak, with the US CPI showing a 3%-4% range in annual terms for the last 10 months.

Compared to a peak of 9.1% in 2022, this is undoubtedly good news, although the stubbornness with which this measure has steadfastly remained above the Fed's 2% target explains why we are yet to see an interest rate reduction. This environment has helped Gold perform well of late, rising 8.1% on the quarter in sterling terms and hitting record highs in US dollar terms. The oil price is often also discussed when inflation talk arises and international benchmark Brent Crude has jumped 21% year-to-date, rising back near the US$90-a-barrel mark.

That said, the market's driving force lately appears to be less of a laser-like focus on monetary policy, and more of a heightened sensitivity to gauges of economic activity supportive of a soft landing. There were widespread forecasts of the damage that such steep increases in central bank base rates would wreak upon economies, but it is now over two years since the Fed and BoE embarked on their aggressive tightening policies and economies have fared far better than feared. The US was the world's fastest growing advanced economy in 2023, delivering 2.5% GDP growth.

US stocks continued to outperform in the first three months of the year. While the volatility index has fallen in recent weeks to trade close to its lowest levels since the pandemic, pointing to sanguine market conditions despite the shift in interest rate cut expectations and sizeable political risk on the horizon.

While the UK slid into a shallow technical recession in the second half of last year, the economy managed to eke out 0.1% GDP growth for 2023. The Eurozone similarly struggled to grow, registering 0.5% 2023 GDP growth, but given the bleak projections due to sharply higher interest rates, the fact economies are not significantly contracting can be viewed as a positive development.

This has been a blessing for central bankers. Having found themselves stuck between a rock and a hard place a couple of years ago – with surging inflation and the spectre of deep recessions brought on by their sharply higher interest rates – rate setters are now in a much more comfortable position. Economies avoiding sharp contractions without the need for monetary support has allowed central bankers to bide their time, letting the current, restrictive interest rate levels continue to apply downward pressure on inflation. Should economic activity deteriorate substantially, central bankers are now poised in a position where they can act swiftly, having kept their powder dry thus far. The Fed has now been on hold with a funds rate of 5.25%-5.50% since June, while the BoE has maintained its base rate of 5.25% since August (a 22-year high and a 16-year high, respectively).

While the US, continental European and Japanese equities have all enjoyed strong moves higher, the UK has struggled to keep pace. This has left London-listed companies trading at near-record discount levels compared to Wall Street counterparts.

Overall, we believe the backdrop for bonds is favourable with inflation falling and central banks likely to start cutting rates later this year. Resilient US growth and elevated levels of debt issuance are possible headwinds for the market, but for now we maintain our modest overweight duration view. We also believe that with credit spreads approaching post-Covid lows, there is not a sufficient pick-up over sovereign debt on offer to take on additional risk, and we maintain our underweight view.

Looking at some notable performers over the last 12 months, Micron Technology, NVIDIA (Purchased November 2023), Advanced Micro Devices, United Rentals and Amazon.com have returned 90.81%, 87.82%, 80.57%, 77.95% and 70.56% respectively.

Quilter Cheviot Limited
11 April 2024

* Source: Refinitiv Datastream & Interactive Data.

Summary of portfolio changes

for the year ended 31 March 2024

The following represents the major purchases and sales in the year to reflect a clearer picture of the investment activities.

Purchases:	Cost £
Microsoft	1,231,828
Danaher	684,122
Estee Lauder	593,244
TotalEnergies	570,633
Waste Management	538,203
Alphabet 'A'	256,650
iShares USD Treasury Bond 1-3yr UCITS ETF	225,474
Canadian Pacific Kansas City	220,600
Accenture	212,188
DSM-Firmenich	211,270
Rentokil Initial	181,660
American Tower	180,042
First Sentier Investors ICVC - Stewart Investors Asia Pacific Leaders Sustainability Fund	178,104
Hexagon	172,407
AstraZeneca	125,811
M&G Investment Funds 1 - Japan Fund	119,178
Philip Morris International	118,011
NVIDIA	114,504
Equinix	113,587
Amazon.com	110,876

Sales:	Proceeds £
Alphabet 'A'	480,487
Reckitt Benckiser Group	453,520
NVIDIA	445,437
InterContinental Hotels Group	417,925
Intuit	407,149
American Tower	334,450
Burlington Stores	319,999
UBS Group	283,878
Nidec	263,345
Rentokil Initial	243,547
Marsh & McLennan	238,047
Honeywell International	222,676
Union Pacific	219,322
Ferguson	203,213
JPMorgan Chase	200,882
S&P Global	199,326
Banco Bilbao Vizcaya Argentaria	181,825
Boston Scientific	157,884
Microsoft	155,919
Ares Management	145,663

Portfolio statement
as at 31 March 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Equities 86.42% (85.26%)			
Equities - United Kingdom 15.67% (19.31%)			
Equities - incorporated in the United Kingdom 13.71% (17.36%)			
Energy 1.30% (1.66%)			
BP	22,500	111,533	0.28
Shell	15,181	398,501	1.02
		510,034	1.30
Materials 1.01% (1.48%)			
Anglo American	4,750	92,711	0.23
DS Smith	30,663	121,517	0.31
Rio Tinto	3,650	183,120	0.47
		397,348	1.01
Industrials 2.98% (3.02%)			
Ashtead Group	1,475	83,160	0.21
BAE Systems	7,600	102,562	0.26
IMI	5,820	105,633	0.27
Melrose Industries	15,500	104,315	0.27
RELX	5,240	179,418	0.46
Rentokil Initial	125,909	593,913	1.51
		1,169,001	2.98
Consumer Discretionary 0.79% (1.98%)			
Compass Group	9,750	226,493	0.58
JD Sports Fashion	60,000	80,640	0.21
		307,133	0.79
Consumer Staples 1.14% (2.83%)			
Diageo	7,500	219,413	0.56
Haleon	24,000	79,944	0.20
Unilever	3,750	149,062	0.38
		448,419	1.14
Health Care 3.03% (3.23%)			
AstraZeneca	11,131	1,188,568	3.03
Financials 2.34% (2.52%)			
3i Group	6,350	178,372	0.46
Intermediate Capital Group	7,000	143,780	0.37
Legal & General Group	52,500	133,507	0.34
London Stock Exchange Group	1,250	118,625	0.30
NatWest Group	47,890	127,100	0.32
Prudential	16,500	122,595	0.31
Standard Chartered	14,000	93,996	0.24
		917,975	2.34

Portfolio statement (continued)

as at 31 March 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Equities (continued)			
Equities - United Kingdom (continued)			
Equities - incorporated in the United Kingdom (continued)			
Information Technology 0.56% (0.30%)			
Darktrace	24,415	106,645	0.27
Halma	4,750	112,147	0.29
		218,792	0.56
Utilities 0.20% (0.00%)			
SSE	4,860	80,190	0.20
Real Estate 0.36% (0.34%)			
Segro	15,500	140,089	0.36
Total equities - incorporated in the United Kingdom		5,377,549	13.71
Equities - incorporated outwith the United Kingdom 1.96% (1.95%)			
Industrials 1.62% (1.68%)			
Experian	3,750	129,525	0.33
Ferguson	2,924	506,583	1.29
		636,108	1.62
Financials 0.34% (0.27%)			
Merian Chrysalis Investment	163,330	135,401	0.34
Total equities - incorporated outwith the United Kingdom		771,509	1.96
Total equities - United Kingdom		6,149,058	15.67
Equities - Europe 18.94% (19.00%)			
Equities - Finland 0.95% (1.80%)			
Neste	12,698	272,275	0.69
Sampo 'A'	2,950	99,699	0.26
Total equities - Finland		371,974	0.95
Equities - France 2.91% (1.90%)			
LVMH Moët Hennessy Louis Vuitton	225	160,375	0.41
Pernod Ricard	475	60,895	0.16
Schneider Electric	950	170,280	0.43
TotalEnergies	13,809	749,333	1.91
Total equities - France		1,140,883	2.91
Equities - Germany 1.68% (1.88%)			
Allianz	575	136,419	0.35
Deutsche Telekom	4,450	85,717	0.22
Infineon Technologies	3,000	80,473	0.21
SAP	950	146,733	0.37
Siemens	1,000	151,293	0.39
Siemens Healthineers	1,170	56,457	0.14
Total equities - Germany		657,092	1.68

Portfolio statement (continued)
as at 31 March 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Equities (continued)			
Equities - Europe (continued)			
Equities - Ireland 2.04% (1.38%)			
Accenture	2,260	619,024	1.58
Linde	500	183,681	0.46
Total equities - Ireland		802,705	2.04
Equities - Netherlands 2.10% (4.09%)			
Airbus	1,000	145,958	0.37
ASML Holding	280	213,582	0.55
Davide Campari-Milano	35,802	282,828	0.72
Euronext	1,350	101,800	0.26
ING Groep	6,050	78,839	0.20
Total equities - Netherlands		823,007	2.10
Equities - Spain 1.68% (1.96%)			
EDP Renováveis	5,066	54,335	0.14
Banco Bilbao Vizcaya Argentaria	53,562	505,099	1.29
Cellnex Telecom	3,500	98,059	0.25
Total equities - Spain		657,493	1.68
Equities - Sweden 1.86% (1.45%)			
Hexagon	77,953	731,488	1.86
Equities - Switzerland 5.72% (4.54%)			
Cie Financiere Richemont	460	55,590	0.14
DSM-Firmenich	8,630	777,670	1.98
Nestlé	6,433	541,304	1.38
Novartis	1,990	152,792	0.39
Partners Group Holding	30	33,947	0.08
Roche Holding	450	90,827	0.23
Schindler Holding	290	57,857	0.15
Sika	460	108,552	0.28
UBS Group	17,496	426,559	1.09
Total equities - Switzerland		2,245,098	5.72
Total equities - Europe		7,429,740	18.94
Equities - North America 46.79% (41.16%)			
Equities - Canada 0.58% (0.00%)			
Canadian Pacific Kansas City	3,245	226,489	0.58

Portfolio statement (continued)
as at 31 March 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Equities (continued)			
Equities - North America (continued)			
Equities - United States 46.21% (41.16%)			
Advanced Micro Devices	1,385	197,809	0.50
Alphabet 'A'	10,641	1,270,265	3.24
Amazon.com	9,009	1,285,400	3.27
American Tower	3,409	532,999	1.36
Apple	1,300	176,469	0.45
Ares Management	1,330	139,933	0.36
Ball	10,898	580,853	1.48
Bank of America	6,650	199,566	0.51
Boston Scientific	12,568	681,303	1.74
Chevron	2,000	249,673	0.64
Coca-Cola	2,550	123,438	0.31
Danaher	3,398	671,127	1.71
Emerson Electric	1,440	129,255	0.33
Equinix	180	117,587	0.30
Estee Lauder	5,282	644,000	1.64
Intuit	1,649	848,277	2.16
JPMorgan Chase	975	154,580	0.39
Markel	100	120,250	0.31
Marriott International	1,500	299,489	0.76
Marsh & McLennan	3,177	517,726	1.32
Martin Marietta Materials	1,048	508,789	1.30
Merck	2,363	246,747	0.63
Micron Technology	1,310	122,232	0.31
Microsoft	6,141	2,041,830	5.20
Mondelez International	3,375	186,911	0.48
NextEra Energy	2,640	133,458	0.34
NIKE	5,435	404,253	1.03
Northern Trust	6,681	470,275	1.20
NVIDIA	1,211	865,228	2.19
Palo Alto Networks	925	207,868	0.53
Pfizer	3,700	81,220	0.21
Philip Morris International	1,495	108,392	0.28
Procter & Gamble	6,261	803,708	2.05
Rockwell Automation	375	86,358	0.22
S&P Global	2,088	702,292	1.79
Thermo Fisher Scientific	400	183,846	0.47
T-Mobile US	1,100	142,075	0.36
United Rentals	330	188,123	0.48
Visa	1,050	231,677	0.59
Walt Disney	7,231	700,289	1.77
Waste Management	4,009	676,286	1.72
Zoetis	840	112,470	0.28
Total equities - United States		18,144,326	46.21
Total equities - North America		18,370,815	46.79

Portfolio statement (continued)

as at 31 March 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Equities (continued)			
Equities - Japan 2.84% (3.96%)			
Hoya	5,925	582,934	1.49
Keyence	1,448	529,936	1.35
Total equities - Japan		1,112,870	2.84
Equities - Taiwan 2.18% (1.83%)			
Taiwan Semiconductor Manufacturing ADR	7,950	856,013	2.18
Total equities		33,918,496	86.42
Closed-Ended Funds 7.86% (8.28%)			
Closed-Ended Funds - incorporated in the United Kingdom 7.32% (7.78%)			
Baillie Gifford Japan Trust	70,000	521,500	1.33
Bellevue Healthcare Trust	200,000	310,800	0.79
Blackrock Throgmorton Trust	37,500	219,750	0.56
HgCapital Trust	45,500	212,485	0.54
JPMorgan Emerging Markets Investment Trust	625,000	651,250	1.66
Mercantile Investment Trust	50,000	114,000	0.29
Schroder AsiaPacific Fund	41,435	205,103	0.52
Templeton Emerging Markets Investment Trust	415,000	640,760	1.63
Total closed-ended funds - incorporated in the United Kingdom		2,875,648	7.32
Closed-Ended Funds - incorporated outwith the United Kingdom 0.54% (0.50%)			
HarbourVest Global Private Equity	7,000	159,600	0.41
Schiehallion Fund	81,947	51,248	0.13
Total closed-ended funds - incorporated outwith the United Kingdom		210,848	0.54
Total closed-ended funds		3,086,496	7.86
Collective Investment Schemes 3.59% (2.54%)			
UK Authorised Collective Investment Schemes 1.78% (1.03%)			
First Sentier Investors ICVC			
- Stewart Investors Asia Pacific Leaders Sustainability Fund	180,000	558,774	1.42
M&G Investment Funds 1 - Japan Fund	93,400	139,128	0.36
Total UK authorised collective investment schemes		697,902	1.78
Offshore Collective Investment Schemes 1.81% (1.51%)			
iShares USD Treasury Bond 1-3yr UCITS ETF	2,200	219,747	0.56
Veritas Funds - Asian Fund	625	492,178	1.25
Total offshore collective investment schemes		711,925	1.81
Total collective investment schemes		1,409,827	3.59

Portfolio statement (continued)
as at 31 March 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Forward currency contracts 0.06% (0.39%)			
Sell euro	(€1,342,000)	(1,148,335)	
Buy UK sterling	£1,162,102	1,162,102	
Expiry date 25 April 2024		13,767	0.03
Sell Japanese yen	(¥105,809,000)	(555,504)	
Buy UK sterling	£582,614	582,614	
Expiry date 25 April 2024		27,110	0.07
Sell US dollar	($7,586,000)	(6,004,298)	
Buy UK sterling	£5,989,048	5,989,048	
Expiry date 25 April 2024		(15,250)	(0.04)
Forward currency contracts assets		40,877	0.10
Forward currency contracts liabilities		(15,250)	(0.04)
Total forward currency contracts		25,627	0.06
Investment assets		38,455,696	97.97
Investment liabilities		(15,250)	(0.04)
Portfolio of investments		38,440,446	97.93
Other net assets		813,713	2.07
Total net assets		39,254,159	100.00

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 March 2023.

United Kingdom equities are grouped in accordance with Global Industry Classification Standard (‘GICS’).

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Risk and reward profile*

The risk and reward indicator table demonstrates where the sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the sub-fund. The shaded area in the table below shows the sub-fund's ranking on the risk and reward indicator.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

The sub-fund is in a higher category because the price of its investments have risen or fallen frequently and more dramatically than some other types of investment. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

For full details on risk factors for the sub-fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

* As per the KIID published 14 February 2024.

Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the sub-fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the sub-fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

Class B 2000	2024 p	2023 p	2022 p
Change in net assets per share			
Opening net asset value per share	2,832.52	3,069.53	2,862.24
Return before operating charges	492.89	(185.95)	251.08
Operating charges	(26.33)	(27.03)	(29.75)
Return after operating charges *	466.56	(212.98)	221.33
Distributions^	(24.60)	(24.03)	(14.04)
Closing net asset value per share	3,274.48	2,832.52	3,069.53
* after direct transaction costs of:	0.34	0.42	0.53
Performance			
Return after charges	16.47%	(6.94%)	7.73%
Other information			
Closing net asset value (£)	24,543,852	21,231,167	23,007,688
Closing number of shares	749,550	749,550	749,550
Operating charges^^	0.90%	0.96%	0.95%
Direct transaction costs	0.01%	0.01%	0.02%
Published prices			
Highest share price	3,285	3,086	3,374
Lowest share price	2,750	2,574	2,794

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

^ Rounded to 2 decimal places.

^^ The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fees which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which may occur in a year as it is calculated on historical data.

The OCF includes expenses incurred by underlying holdings of collective investment schemes and closed ended vehicles such as investment trusts in relation to the sub-fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 30 November 2023, the synthetic OCF calculation no longer includes closed ended vehicles.

Comparative table (continued)

Class B 2001	2024 p	2023 p	2022 p
Change in net assets per share			
Opening net asset value per share	3,426.95	3,713.71	3,462.90
Return before operating charges	596.34	(224.99)	303.81
Operating charges	(31.92)	(32.70)	(36.00)
Return after operating charges *	564.42	(257.69)	267.81
Distributions^	(29.68)	(29.07)	(17.00)
Closing net asset value per share	3,961.69	3,426.95	3,713.71
* after direct transaction costs of:	0.42	0.51	0.64
Performance			
Return after charges	16.47%	(6.94%)	7.73%
Other information			
Closing net asset value (£)	14,710,307	13,707,812	14,854,821
Closing number of shares	371,314	400,000	400,000
Operating charges^^	0.90%	0.96%	0.95%
Direct transaction costs	0.01%	0.01%	0.02%
Published prices			
Highest share price	3,974	3,734	4,081
Lowest share price	3,327	3,114	3,380

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

^ Rounded to 2 decimal places.

^^ The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fees which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which may occur in a year as it is calculated on historical data.

The OCF includes expenses incurred by underlying holdings of collective investment schemes and closed ended vehicles such as investment trusts in relation to the sub-fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 30 November 2023, the synthetic OCF calculation no longer includes closed ended vehicles.

Financial statements - Innovation Fund

Statement of total return
for the year ended 31 March 2024

	Notes	2024		2023	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		5,311,704		(2,923,531)
Revenue	3	651,374		633,913	
Expenses	4	(298,996)		(291,001)	
Net revenue before taxation		352,378		342,912	
Taxation	5	(54,299)		(46,559)	
Net revenue after taxation			298,079		296,353
Total return before distributions			5,609,783		(2,627,178)
Distributions	6		(298,082)		(296,352)
Change in net assets attributable to shareholders from investment activities			5,311,701		(2,923,530)

Statement of change in net assets attributable to shareholders
for the year ended 31 March 2024

	2024	2023
	£	£
Opening net assets attributable to shareholders	34,938,979	37,862,509
Amounts payable on cancellation of shares	(996,521)	-
Change in net assets attributable to shareholders from investment activities	5,311,701	(2,923,530)
Closing net assets attributable to shareholders	39,254,159	34,938,979

Balance sheet
as at 31 March 2024

	Notes	2024	2023
		£	£
Assets:			
Fixed assets:			
Investments		38,455,696	33,706,080
Current assets:			
Debtors	7	98,826	90,521
Cash and bank balances	8	839,797	1,281,021
Total assets		39,394,319	35,077,622
Liabilities:			
Investment liabilities		(15,250)	-
Creditors:			
Distribution payable		(112,138)	(129,346)
Other creditors	9	(12,772)	(9,297)
Total liabilities		(140,160)	(138,643)
Net assets attributable to shareholders		39,254,159	34,938,979

Notes to the financial statements

for the year ended 31 March 2024

1. Accounting policies

The accounting policies are disclosed on pages 12 to 14.

2. Net capital gains / (losses)	2024	2023
	£	£
Non-derivative securities - realised gains	1,672,771	579,411
Non-derivative securities - movement in unrealised gains / (losses)	3,335,393	(2,783,819)
Currency gains	95,419	10,896
Forward currency contracts gains / (losses)	213,610	(723,785)
Capital special dividend	3,793	3,261
Compensation	13	14
Transaction charges	(9,295)	(9,509)
Total net capital gains / (losses)	5,311,704	(2,923,531)

3. Revenue	2024	2023
	£	£
UK revenue	221,916	258,308
Unfranked revenue	5,219	-
Overseas revenue	409,564	367,798
Bank and deposit interest	13,525	7,807
Stock dividends	1,150	-
Total revenue	651,374	633,913

4. Expenses	2024	2023
	£	£
Payable to the ACD and associates		
Annual management charge*	295,543	289,300
Annual management charge rebate*	(21,790)	(22,407)
	273,753	266,893
Payable to the Depositary		
Depositary fees	11,708	11,461
Other expenses:		
Audit fee	8,700	7,561
Non-executive directors' fees	1,758	1,560
Safe custody fees	2,186	2,040
Bank interest	212	629
FCA fee	221	375
KIID production fee	458	482
	13,535	12,647
Total expenses	298,996	291,001

* The annual management charge is 0.83% and includes the ACD's periodic charge and the Investment Managers' fees.
Where the ACD's periodic charge and the Investment Managers' fees are cumulatively lower than the annual management charge a rebate may occur. For the year ended 31 March 2024, the annual management charge after rebates is 0.77% (2023: 0.77%).

Notes to the financial statements (continued)

for the year ended 31 March 2024

5. Taxation

	2024	2023
	£	£
a. Analysis of the tax charge for the year		
Overseas tax withheld	54,299	46,559
Total taxation (note 5b)	54,299	46,559

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%). The differences are explained below:

	2024	2023
	£	£
Net revenue before taxation	352,378	342,912
Corporation tax @ 20%	70,476	68,582
Effects of:		
UK revenue	(44,383)	(51,662)
Overseas revenue	(76,495)	(70,262)
Overseas tax withheld	54,299	46,559
Excess management expenses	50,402	53,342
Total taxation (note 5a)	54,299	46,559

c. Provision for deferred taxation

At the year end, a deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £472,668 (2023: £422,266).

6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2024	2023
	£	£
Interim income distribution	182,465	167,006
Final income distribution	112,138	129,346
	294,603	296,352
Equalisation:		
Amounts deducted on cancellation of shares	3,479	-
Total net distributions	298,082	296,352
Reconciliation between net revenue and distributions:		
Net revenue after taxation per Statement of total return	298,079	296,353
Undistributed revenue brought forward	14	13
Undistributed revenue carried forward	(11)	(14)
Distributions	298,082	296,352

Details of the distribution per share are disclosed in the Distribution table.

Notes to the financial statements (continued)

for the year ended 31 March 2024

7. Debtors

	2024	2023
	£	£
Accrued revenue	64,741	72,358
Recoverable overseas withholding tax	32,251	16,184
	96,992	88,542
Payable from the ACD and associates		
Annual management charge rebate	1,834	1,979
Total debtors	98,826	90,521

8. Cash and bank balances

	2024	2023
	£	£
Total cash and bank balances	839,797	1,281,021

9. Other creditors

	2024	2023
	£	£
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	2,689	-
Other expenses:		
Depositary fees	107	-
Safe custody fees	579	345
Audit fee	8,700	7,560
Non-executive directors' fees	491	1,156
KIID production fee	83	125
Transaction charges	123	111
	10,083	9,297
Total other creditors	12,772	9,297

10. Commitments and contingent liabilities

At the balance sheet date there are no commitments or contingent liabilities.

11. Share classes

The following reflects the change in shares in issue in the year:

	Class B 2000
Opening shares in issue	749,550
Closing shares in issue	749,550

	Class B 2001
Opening shares in issue	400,000
Total shares cancelled in the year	(28,686)
Closing shares in issue	371,314

Further information in respect of the return per share is disclosed in the Comparative table.

On the winding up of a sub-fund all the assets of the sub-fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share class has the same rights on winding up.

Notes to the financial statements (continued)

for the year ended 31 March 2024

12. Related party transactions

Evelyn Partners Fund Solutions Limited, as ACD is a related party due to its ability to act in respect of the operations of the sub-fund.

The ACD acts as principal in respect of all transactions of shares in the sub-fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the sub-fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due from/to the ACD and its associates at the balance sheet date are disclosed in notes 7 and 9.

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per Class B 2000 share has increased from 3,274p to 3,367p and Class B 2001 share has increased from 3,962p to 4,074p as at 16 July 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

14. Transaction costs

a Direct transaction costs

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to agents, advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs	Commission		Taxes		Financial transaction tax		Purchases after transaction costs
2024	£	£	%	£	%	£	%	£
Equities	6,382,652	325	0.01%	2,052	0.03%	-	-	6,385,029
Closed-Ended Funds	191,317	-	-	959	0.50%	-	-	192,276
Collective Investment Schemes*	522,756	-	-	-	-	-	-	522,756
Total	7,096,725	325	0.01%	3,011	0.53%	-	-	7,100,061

	Purchases before transaction costs	Commission		Taxes		Financial transaction tax		Purchases after transaction costs
2023	£	£	%	£	%	£	%	£
Equities	6,856,518	767	0.01%	3,319	0.05%	202	0.00%	6,860,806

Capital events amount of £1,150 (2023: £nil) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

	Sales before transaction costs	Commission		Taxes		Financial transaction tax		Sales after transaction costs
2024	£	£	%	£	%	£	%	£
Equities	7,161,891	(823)	0.01%	(11)	0.00%	-	-	7,161,057
Closed-Ended Funds	101,550	-	-	(1)	0.00%	-	-	101,549
Total	7,263,441	(823)	0.01%	(12)	0.00%	-	-	7,262,606

* No direct transaction costs were incurred in these transactions.

Notes to the financial statements (continued)

for the year ended 31 March 2024

14. Transaction costs (continued)

a Direct transaction costs (continued)

2023	Sales before transaction costs £	Commission £	Commission %	Taxes £	Taxes %	Financial transaction tax £	Financial transaction tax %	Sales after transaction costs £
Equities	8,137,515	(857)	0.01%	(23)	0.00%	-	-	8,136,635

Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the sub-fund's average net asset value in the year:

2024	£	% of average net asset value
Commission	1,148	0.00%
Taxes	3,023	0.01%

2023	£	% of average net asset value
Commission	1,624	0.00%
Taxes	3,342	0.01%
Financial transaction tax	202	0.00%

b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.07% (2023: 0.10%).

15. Risk management policies

In pursuing the sub-fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the sub-fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

a Market risk

Market risk is the risk that the value of the sub-fund’s financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

(i) Other price risk

The sub-fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are equities, closed-ended funds and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the sub-fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the sub-fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 March 2024, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the sub-fund would increase or decrease by approximately £1,920,741 (2023: £1,678,418).

Notes to the financial statements (continued)

for the year ended 31 March 2024

15. Risk management policies (continued)

a Market risk (continued)

(ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts may be used to manage the portfolio exposure to currency movements.

The foreign currency risk profile of the sub-fund's financial instruments and cash holdings at the balance sheet date is as follows:

2024	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
Canadian dollar	-	306	306
Euro	4,515,916	39,000	4,554,916
Japanese yen	1,139,980	2,842	1,142,822
Swedish krona	741,770	-	741,770
Swiss franc	1,467,428	863	1,468,291
US dollar	20,373,411	26,146	20,399,557
Total foreign currency exposure	28,238,505	69,157	28,307,662

2023	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
Danish krone	-	2,065	2,065
Euro	4,235,526	24,583	4,260,109
Japanese yen	1,383,387	4,632	1,388,019
Swedish krona	505,964	-	505,964
Swiss franc	1,586,941	668	1,587,609
US dollar	15,622,251	22,204	15,644,455
Total foreign currency exposure	23,334,069	54,152	23,388,221

At 31 March 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the sub-fund would increase or decrease by approximately £1,028,695 (2023: £751,814). Forward currency contracts are used to manage the portfolio exposure to currency movements.

(iii) Interest rate risk

Interest rate risk is the risk that the value of the sub-fund's investments will fluctuate as a result of interest rate changes.

During the year the sub-fund's direct exposure to interest rates consisted of cash and bank balances. The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. In the event of a change in interest rates, there would be no material impact upon the net assets of the sub-fund.

The sub-fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Notes to the financial statements (continued)

for the year ended 31 March 2024

15. Risk management policies (continued)

a Market risk (continued)

(iii) Interest rate risk (continued)

Derivative contracts are not used to hedge against the exposure to interest rate risk.

There is no exposure to interest bearing securities at the balance sheet date.

b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk.

The Depositary has appointed the custodian to provide custody services for the assets of the sub-fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the sub-fund. The sub-fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

The sub-fund holds cash and cash deposits with financial institutions which potentially exposes the sub-fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the sub-fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the sub-fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

To reduce liquidity risk the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the sub-fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the sub-fund.

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the sub-fund to meet large redemptions, while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts these are payable in less than one year.

d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the sub-fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

Notes to the financial statements (continued)

for the year ended 31 March 2024

15. Risk management policies (continued)

d Fair value of financial assets and financial liabilities (continued)

Basis of valuation	Investment assets 2024 £	Investment liabilities 2024 £
Quoted prices	37,224,739	-
Observable market data	1,230,957	(15,250)
Unobservable data	-	-
	38,455,696	(15,250)

Basis of valuation	Investment assets 2023 £	Investment liabilities 2023 £
Quoted prices	32,681,396	-
Observable market data	1,024,684	-
Unobservable data	-	-
	33,706,080	-

No securities in the portfolio of investments are valued using valuation techniques.

e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

f Derivatives

The sub-fund may employ derivatives with the aim of reducing the sub-fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the sub-fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the commitment approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the sub-fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the sub-fund at any given time and may not exceed 100% of the net asset value of the property of the sub-fund.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

(i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the sub-fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition the sub-fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The sub-fund may transact in derivative contracts which potentially exposes the sub-fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

Notes to the financial statements (continued)

for the year ended 31 March 2024

15. Risk management policies (continued)

f Derivatives (continued)

(ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the commitment approach) divided by the net asset value.

There have been no leveraging arrangements in the year.

(iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date the global exposure is as follows:

	Gross exposure value £	% of the total net asset value
Investment		
Forward Currency Contracts		
Value of short position - euro	1,148,335	2.93%
Value of short position - Japanese yen	555,504	1.42%
Value of short position - US dollar	6,004,298	15.30%

There have been no collateral arrangements in the year.

Distribution table

for the year ended 31 March 2024

Interim distributions in pence per share

Group 1 - Shares purchased before 1 April 2023
Group 2 - Shares purchased 1 April 2023 to 30 September 2023

	Net revenue	Equalisation	Total distributions 30 November 2023	Total distributions 30 November 2022
Class B 2000				
Group 1	15.246	-	15.246	13.539
Group 2	15.246	-	15.246	13.539
Class B 2001				
Group 1	18.364	-	18.364	16.381
Group 2	18.364	-	18.364	16.381

Final distributions in pence per share

Group 1 - Shares purchased before 1 October 2023
Group 2 - Shares purchased 1 October 2023 to 31 March 2024

	Net revenue	Equalisation	Total distributions 30 June 2024	Total distributions 30 June 2023
Class B 2000				
Group 1	9.354	-	9.354	10.486
Group 2	9.354	-	9.354	10.486
Class B 2001				
Group 1	11.318	-	11.318	12.687
Group 2	11.318	-	11.318	12.687

Remuneration

Remuneration code disclosure

The remuneration committee is responsible for setting the remuneration policy for all partners, directors and employees within Evelyn Partners Group Limited ('the Group'), including individuals designated as Material Risk Takers (MRTs) under the Remuneration Code. The remuneration policy is designed to be compliant with the Code and provides a framework to attract, retain, motivate and reward partners, directors and employees. The overall policy is designed to promote the long-term success of the group and to support prudent risk management, with particular attention to conduct risk.

Remuneration committee

The remuneration committee report contained in the Group Report and Financial Statements for the year ended 31 December 2023 includes details on the remuneration policy. The remuneration committee comprises five non-executive directors[1] and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met eight times during 2023.

Remuneration policy

The main principles of the remuneration policy are:

- to align remuneration with the strategy and performance of the business;
- to ensure that remuneration is set at an appropriate and competitive level taking into account market rates and practices;
- to foster and support conduct and behaviours which are in line with our culture and values;
- to maintain a sound risk management framework;
- to ensure that the ratio between fixed and variable remuneration is appropriate and does not encourage excessive risk taking;
- to comply with all relevant regulatory requirements; and
- to align incentive plans with the business strategy and shareholder interests.

The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy. As part of a “balanced scorecard” approach to variable remuneration non-financial criteria including, but not limited to, compliance and risk issues, client management, supervision, leadership and teamwork are considered alongside financial performance.

Remuneration systems

The committee reviews all partners' and directors' fixed and variable remuneration. In addition, it approves hurdles and awards in respect of equity incentive plans, namely a Deferred Option Plan, Equity Matching Plan, Matching Share Plan, Executive Long Term Incentive Plan and an Investment Management Long Term Incentive Plan.

The remuneration of partners is made up of a fixed profit share, discretionary bonus profit share and non-discretionary bonus profit share. The remuneration of employees typically comprises of a salary with benefits including pension contribution, life assurance, permanent health insurance, private medical insurance, SAYE scheme and a discretionary bonus scheme. Partners, directors and associate directors are also eligible to participate, at the invitation of the committee, in the equity incentive plans described above.

When setting variable remuneration for the executive directors, the committee considers overall business profit for the group and divisions, achievement of both financial and non-financial objectives (including adherence to the principles of treating customers fairly, conduct risk, compliance and regulatory rules), personal performance and any other relevant policy of the board in respect of the year ended 31 December 2023. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

[1] Please note that the data provided for the independent non-executive directors is as at 31 December 2023. The data provided is for independent non-executive directors only.

Remuneration (continued)

Aggregate quantitative information

The total amount of remuneration paid by Evelyn Partners Fund Solutions Limited (‘EPFL’) is nil as EPFL has no employees. However, a number of employees have remuneration costs recharged to EPFL and the annualised remuneration for these 72 employees is £3.51 million of which £3.23 million is fixed remuneration. This is based on the salary and benefits for those identified as working in EPFL as at 31 December 2023. Any variable remuneration is awarded for the year ended 31 December 2023. This information excludes any senior management or other Material Risk Takers (MRTs) whose remuneration information is detailed below.

The Group reviews its MRTs at least annually. These individuals are employed by and provide services to other companies in the Group. It is difficult to apportion remuneration for these individuals in respect of their duties to EPFL. For this reason, the aggregate total remuneration awarded for the year 2023 for senior management and other MRTs detailed below has not been apportioned.

Table to show the aggregate remuneration split by Senior Management and other MRTs for EPFL	For the period 1 January 2023 to 31 December 2023				
	Fixed	Variable Cash	Variable Equity	Total	No. MRTs
	£'000	£'000	£'000	£'000	
Senior Management	3,518	1,662	-	5,180	18
Other MRTs	919	848	-	1,767	5
Total	4,437	2,510	-	6,947	23

Investment Managers

The ACD delegates the management of the Company's portfolio of assets to Goldman Sachs International and Quilter Cheviot Limited and pays to the Investment Managers, out of the annual management charge of Moorgate Funds ICVC, a monthly fee calculated on the total value of the portfolio of investments at the month end. The Investment Managers are compliant with the Capital Requirements Directive regarding remuneration and therefore their staff are covered by remuneration regulatory requirements.

Further information

Distributions and reporting dates - Innovation Fund

Where net revenue is available it will be distributed semi-annually on 30 June (final) and 30 November (interim). In the event of a distribution, shareholders will receive a tax voucher.

XD dates:	1 April	final
	1 October	interim
Reporting dates:	31 March	annual
	30 September	interim

Buying and selling shares - Innovation Fund

The property of the sub-fund is valued at 5pm each Tuesday (or the following working day unless the ACD otherwise decides, if a bank holiday in England and Wales falls on a Tuesday) and the last business day of each month and other days at the ACD's discretion. Prices of shares are calculated as at that time. Share dealing is on a forward basis i.e. investors can buy and sell shares at the next valuation point following receipt of the order.

Prices of shares and the estimated yield of the share classes are published on the following website: www.trustnet.com or may be obtained by calling 0141 222 1151.

Benchmark - Innovation Fund

Shareholders may compare the performance of the sub-fund against the IA Global sector.

Comparison of the sub-fund's performance against this benchmark will give shareholders an indication of how the sub-fund is performing against other similar funds in this peer group sector. The ACD has selected this comparator benchmark as the ACD believes it best reflects the asset allocation of the sub-fund.

The benchmark is not a target for the sub-fund, nor is the sub-fund constrained by the benchmark.

Appointments

ACD and Registered office

Evelyn Partners Fund Solutions Limited
45 Gresham Street
London EC2V 7BG
Telephone 0207 131 4000
Authorised and regulated by the Financial Conduct Authority

Administrator and Registrar

Evelyn Partners Fund Solutions Limited
177 Bothwell Street
Glasgow G2 7ER
Telephone 0141 222 1151 (Registration)
0141 222 1150 (Dealing)
Authorised and regulated by the Financial Conduct Authority

Directors of the ACD

Andrew Baddeley
Brian McLean
Mayank Prakash
Neil Coxhead

Independent Non-Executive Directors of the ACD

Dean Buckley
Linda Robinson
Victoria Muir
Sally Macdonald

Non-Executive Directors of the ACD

Paul Wyse - resigned 11 July 2023
Guy Swarbreck - appointed 21 August 2023

Investment Managers

Goldman Sachs International
Plumtree Court
25 Shoe Lane
London EC4A 4AU
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Quilter Cheviot Limited
Senator House
85 Queen Victoria Street
London EC4V 4AB
Authorised and regulated by the Financial Conduct Authority

Depositary

NatWest Trustee and Depositary Services Limited
House A, Floor 0
Gogarburn
175 Glasgow Road
Edinburgh EH12 1HQ
Authorised and regulated by the Financial Conduct Authority

Auditor

Johnston Carmichael LLP
Bishop’s Court
29 Albyn Place
Aberdeen AB10 1YL