The Capital Balanced Fund

Annual Report

for the year ended 31 March 2024

Contents

The Capital Balanced Fund

Report of the Manager

Evelyn Partners Fund Solutions Limited, as Manager, presents herewith the Annual Report for The Capital Balanced Fund for the year ended 31 March 2024.

The Capital Balanced Fund ('the Trust' or 'the Fund') is an authorised unit trust scheme further to an authorisation order dated 16 September 1998 and is a non-UCITS retail scheme ('NURS') complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL') and the Investment Funds sourcebook ('FUND'), as published by the Financial Conduct Authority ('FCA'). As the Fund is a NURS, the Manager also acts as Alternative Investment Fund Manager ('AIFM') in order to comply with the Alternative Investment Fund Manager's Directive ('AIFMD').

The Manager 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 Fund consist predominantly of securities which are readily realisable and, accordingly, the Fund 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 Trust Deed can be inspected at the offices of the Manager.

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

Investment objective and policy

The objective of the Fund is for long term growth.

The Investment Manager's policy is to achieve this objective through a portfolio of UK and international equities, bonds, cash, collective investment schemes (which may be regulated or unregulated), money market instruments and deposits as appropriate.

The Investment Manager may enter into derivative transactions but only for the purposes of hedging and the use of derivatives will not affect the risk profile of the Fund. The Investment Manager does not envisage entering into hedging transactions to a major extent. The investments will be in companies that are well managed and which themselves have good long term growth prospects. The asset allocation will be principally based in UK and European investments.

Changes affecting the Fund in the year

On 31 July 2023 the Investment Manager Brown Shipley & Co. Limited resigned and Rothschild & Co Wealth Management UK Limited were appointed Investment Manager on 1 August 2023.

On 1 August 2023 the valuation point changed from the 14th day and the last business day of the month to every business day.

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

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

Neil Coxhead　　Brian McLean
Directors
Evelyn Partners Fund Solutions Limited
3 July 2024

Statement of the Manager's responsibilities

The Collective Investment Schemes sourcebook ('COLL') and the Investment Funds sourcebook ('FUND') published by the FCA, require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net revenue and net capital gains on the property of the Trust for the year.

In preparing the financial statements the Manager 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 Trust'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 Trust 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 Trust's information on the Manager'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 Manager to carry out an Assessment of Value on the Trust and publish this assessment within the Annual Report.

The Manager is responsible for the management of the Trust in accordance with the Trust Deed, the Prospectus, COLL and FUND.

Assessment of Value - The Capital Balanced Fund

In line with the provisions contained within COLL 6.6.20R, the Board of Evelyn Partners Fund Solutions Limited ('EPFL') as Authorised Fund Manager ('AFM'), has carried out an Assessment of Value for The Capital Balanced Fund ('the Trust'). Furthermore, the rules require that EPFL publishes these assessments.

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

1. Quality of Service	
2. Performance	
3. AFM Costs	
4. Economies of Scale	
5. Comparable Market Rates	
6. Comparable Services	
7. Classes of Units	

Overall Rating	

EPFL has adopted a traffic light system to show how it rated the Trust:

On balance, the Board believes the Trust has delivered value to unitholders, with no material issues noted.

On balance, the Board believes the Trust has delivered value to unitholders, but may require some action.

On balance, the Board believes the Trust has not delivered value to unitholders 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 Trust 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 Trust 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 Trust performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;

(3) AFM costs – the fairness and value of the Trust'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 Trust compare with others in the marketplace;

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

(7) Classes of units – the appropriateness of the classes of units in the Trust for investors.

Assessment of Value - The Capital Balanced Fund (continued)

1. Quality of Service

What was assessed in this section?

Internal Factors

EPFL, as AFM, has overall responsibility for the Trust. The Board assessed, amongst other things: the day-to-day administration of the Trust; the maintenance of scheme documentation (such as prospectuses and key investor information documents ('KIIDs')); the pricing and valuation of units; 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 quality of marketing material sent to unitholders and the dealing and settlement arrangements. EPFL delegates the Investment Management of the Trust to an Investment Management firm.

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 Trustee and various EPFL delegated Investment Managers.

External Factors

The Board assessed the delegate's 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, Brown Shipley & Co Limited and Rothschild & Co Wealth Management UK Limited[1], where consideration was given to, amongst other things, the delegate's controls around the Trust's liquidity management.

The Board also considered the nature, extent and quality of administrative and unitholder services performed under separate agreements covering trustee services, custody, 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 Trust'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 Trust and its unitholders.

Were there any follow up actions?

There were no follow-up actions.

2. Performance

What was assessed in this section?

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

Investment Objective

The objective of the Trust is for long term growth.

[1] Rothschild & Co Wealth Management UK Limited took over the management of the Trust from Brown Shipley & Co Limited with effect from 1 August 2023.

Assessment of Value - The Capital Balanced Fund (continued)

2. Performance (continued)

Benchmark

As AFM, 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.

The benchmark for the Trust is the IA Flexible Investment 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 Trust had 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	7 year
The Capital Balanced Accumulation Units	GBX	11.44	6.63	36.80	47.65
IA Flexible Investment Sector	GBP	6.04	9.75	29.66	36.22

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 FE Fundinfo accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.

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 Trust over its recommended holding period of seven years and observed that it has outperformed its comparator benchmark, the IA Flexible Investment Sector.

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

The Board found that the Trust 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?

There were no follow-up actions required.

3. AFM 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 annual management charge (‘AMC’), Trustee/Custodian fees and audit fee. The AMC includes the Manager's periodic charge and the Investment Manager's fee.

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 Trust’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 Trust to examine the effect on the Trust to potential and existing investors should it increase or decrease in value.

What was the outcome of the assessment?

Both the Investment Management and Manager's periodic charge are a fixed percentage charge meaning there are no opportunities for savings should the Trust grow in size.

The ancillary charges of the Trust represent 6 basis points[1]. Some of these costs are fixed and as the Trust 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 - The Capital Balanced Fund (continued)

5. Comparable Market Rates

What was assessed in this section?

The Board reviewed the ongoing charges figure ('OCF') of the Trust, and how those charges affect the returns of the Trust.

The OCF of the Trust was compared against the 'market rate' of similar external funds.

What was the outcome of the assessment?

The OCF of 1.30%[1] compared favourably with those of similar externally managed funds. This section was rated Amber last year however the change in Investment Manager has resulted in a reduction in costs.

Note that EPFL has not charged an entry fee, exit fee or any other event-based fees on this Trust.

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 Investment Management fee with those of other funds administered by EPFL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

There were no other EPFL administered funds displaying similar characteristics with which to make a meaningful comparison.

Were there any follow up actions?

There were no follow-up actions required.

7. Classes of Units

What was assessed in this section?

The Board reviewed the Trust's set-up to ensure that where there are multiple unit classes, unitholders are in the correct unit class given the size of their holding.

What was the outcome of the assessment?

There is only one unit class in the Trust, therefore 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

The Board concluded that The Capital Balanced Fund had provided value to unitholders.

Dean Buckley
Chairman of the Board of Evelyn Partners Fund Solutions Limited

30 May 2024

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] At the interim reporting period 30 September 2023.

Report of the Trustee to the unitholders of The Capital Balanced Fund

Trustee's responsibilities

The Trustee must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Investment Funds sourcebook, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Fund's Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The Trustee must ensure that:

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

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

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

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

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

NatWest Trustee and Depositary Services Limited
3 July 2024

Independent Auditor's report to the unitholders of The Capital Balanced Fund

Opinion

We have audited the financial statements of The Capital Balanced Fund (the 'Trust') for the year ended 31 March 2024 which comprise the Statement of total return, Statement of change in unitholders' funds, 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 Trust as at 31 March 2024 and of the net revenue and the net capital gains on the scheme property of the Trust 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 Trust Deed.

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 Manager'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 Trust'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 Manager 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 Manager 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 Trust 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 Manager for the year is consistent with the financial statements.

Independent Auditor's report to the unitholders of The Capital Balanced Fund (continued)

Responsibilities of the Manager

As explained more fully in the Statement of the Manager's responsibilities set out on page 3, the Manager 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 Manager 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 Manager is responsible for assessing the Trust'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 Manager either intends to wind up the Trust or to cease operations, or has no realistic alternative but to do so.

Auditor 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 specific procedures for this engagement and the extent to which these 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 Trust 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;
- the Financial Conduct Authority's Investment Funds sourcebook; and
- the Trust's Prospectus.

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

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how the Manager was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Manager 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.

Independent Auditor's report to the unitholders of The Capital Balanced Fund (continued)

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

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

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 Trust'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 Manager 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 Trust's compliance with the key requirements of the Collective Investment Schemes sourcebook, Investment Funds sourcebook and its Prospectus;
- Completion of appropriate checklists and use of our experience to assess the Trust'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 are to become aware of it.

Use of Our Report

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the COLL Rules published by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders 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 Trust and the Trust's unitholders 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
3 July 2024

Accounting policies of The Capital Balanced Fund
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 Rules') and the Investment Funds sourcebook ('FUND').

The Manager has considered a detailed assessment of the 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 Fund continues to be open for trading and the Manager is satisfied the 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 Fund have been valued at the global closing bid-market prices excluding any accrued interest in the case of debt securities 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 Fund is UK sterling which is taken to be the 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 Fund's distribution.

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

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

d Revenue (continued)

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

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Fund. The effective yield is a calculation that amortises any discount or premium on the purchase of an investment over its remaining life based on estimated cash flows. The amortised amounts form part of the distributable revenue and are calculated at each month end.

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 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 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.

g 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.

h Dilution levy

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

Accounting policies of The Capital Balanced Fund (continued)

for the year ended 31 March 2024

i 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 accumulation units are re-invested in the Fund on behalf of the unitholders.

ii Revenue

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

iii Expenses

Expenses incurred against the revenue of the 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.

iv Equalisation

Group 2 units are units purchased on or after the previous XD date and before the current XD date. Equalisation applies only to group 2 units. Equalisation is the average amount of revenue included in the purchase price of group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax in the hands of the unitholders but must be deducted from the cost of units for capital gains tax purposes. Equalisation per unit is disclosed in the Distribution table.

Investment Manager's report - Brown Shipley & Co. Limited - to 31 July 2023

Investment performance*

Over the reporting period 1 April 2023 to 31 July 2023, the Fund has produced a total return of 5.0% compared to the IA Flexible Investment sector which returned 2.2%.

Market overview*

Over the period, the prominent economic events were the central bankers' responses to continued high inflation rates. Over the relatively short period, interest rates were increased twice in the UK, from 4.25% to 5%. This is the highest rate for 15 years. This has affected gilt yields and is something that was taken advantage of. Other major central banks also raised interest rates in the period although the US Federal Reserve ('Fed') elected to stay till June.

Global shares grew over the period, led by the US, where 'tech' stocks outperformed due to the explosion of interest around Artificial Intelligence ('AI'), and the back-end infrastructure needed to support this new interest. Emerging market stocks lagged behind, hindered by China and their woes permeated by their property market.

The UK and eurozone main markets were mostly flat over the period, with the EURO STOXX 50 posting small gains. Finance and tech stocks proved to be the best positioning, but energy and communication companies were a drag to indexes overall performance. The energy underperformance was largely driven by the uncertainty around Chinese demand following their anaemic economic recovery.

Japan with its persistent loose monetary policy continued to post impressive gains, with its weak currency allowing cheap entry into markets. Flows were such that the Nikkei 225 reached 33 year highs in June. Our longer term position in Japan had been currency hedged, such that the Japanese yen's devaluation did not hurt the appreciating long position.

The period ended with the fear of recession still looming in the UK, having been stayed off for a further quarter. This probability has been priced into markets and is believed to be mild if recession does materialise. There is also a possibility that the US could have the 'goldilocks' positioning of a 'soft landing' whereby well implemented monetary policy could bring inflation to a manageable position, whilst avoiding large unemployment and recession.

Investment activities

Throughout the period, we continued to add direct exposure to global companies who we believe are best in class. Financial markets are global in nature and we believe that by investing more globally, we are able to access as many sources of return as possible. Volatility has provided opportunities to buy assets at attractive prices. For example;

- Keysight Technology - an American IT company was purchased in July of this year. The company is a leader in the field of testing and measurement electronics. Keysight Technology specializes in the communications market, but also supplies into the government, automotive, industrial, and semiconductor manufacturing markets. Due to its large research and development budget it has a competitive advantage in its market and is part of the recent semiconductor boom.

- DS Smith re-joined the portfolio after the price had once again become attractive. The company is a multinational packaging business, which supplies companies from Amazon to Tesco. The company also provides a strong dividend and has a strong balance sheet.

- Intel was a new addition in May. The company known for its dominance in the personal computing ('PC') market and inventing the Central Processing Unit ('CPU'), presented a buying opportunity. The company has significant semi-conductor market share in the US and following the US Creating Helpful Incentives to Produce Semiconductors ('CHIPS') Act, will benefit from support as the western world tries to wean itself off Asian sourced microchips.

- Estee Lauder, the world's largest cosmetics company was topped up in May. Following a disappointing earnings outlook and 20% drop in the share price, we saw this as an opportune time to top-up. The company's results have been a true roller coaster over the past two years mainly due to its high exposure to China. However, we have taken a longer-term view on this company as the outlook is favourable for Asian travel retail and we believe a significant earnings rebound will occur.

*Source: Financial Times & Refinitiv Lipper.

Investment activities (continued)

We invest in high-quality companies with strong balance sheets. We try to identify companies at attractive valuations, with a good runway for future growth potential. The period in question was relatively short, most companies added to the portfolio were based in the US and took advantage of the US technology sector momentum.

Brown Shipley & Co. Limited
17 October 2023

Investment Manager's report - Rothschild & Co Wealth Management UK Limited - from 1 August 2023

Investment performance*

Over the reporting period 1 August 2023 to 31 March 2024, the Fund has produced a total return of 10.01% compared to the IA Flexible Investment sector which returned 7.97%.

Investment activities*

August 2023

August was a month of two halves, with global equities ultimately falling by 2.8% (USD). Economic activity remained resilient in the US but softened further in Europe. In fixed income, benchmark 10-year government bond yields briefly rose to fresh cyclical highs in the US and UK, before retracing most of their moves. Commodity prices were mixed in August: oil rose by 1.5%; copper and gold fell by 4.5% and 1.3%, respectively. Finally, European natural gas prices rose by 23%, amid potential industrial action in Australia.

In the US, headline inflation moved higher to 3.2% year on year ('y/y') with Powell emphasising the 'higher for longer' rhetoric at the annual Jackson Hole Summit. Inflation mostly continued to ease in the euro area at 5.3% compared to a rate of 6.8% in the UK. As expected, the Bank of England ('BoE') increased its base rate to 5.25%, with further hikes likely ahead. Despite the unemployment rate creeping higher in the UK, nominal pay growth has yet to peak.

US-China tensions continued to ease last month: the US Commerce Secretary was the latest high-profile official to visit Beijing. China's economic slowdown continued as the property 'crisis' deepened, with Country Garden, one of China's biggest property developers – flirting with default. Contagion fears ensued, as Zhongzhi Group, a major player in the shadow banking industry – also missed payments on some of its investment products. The headline inflation rate slipped into deflation in China in July at -0.3%. In Russia, the Wagner Group Leader, Yevgeny Prigozhin, died in a plane crash, though the Kremlin denied any involvement.

Within the portfolio, we decided to increase our position in Canadian Pacific Kansas City in August. The rationale for the trade was driven by portfolio construction considerations, with a desire to increase our exposure to a more meaningful position size.

September 2023

Broad equity market weakness persisted over the month as global equities declined by 4.1% (USD terms) with only the energy sector in positive territory. Subsequently, the seven largest US 'technology' stocks again accounted for most of the S&P 500 Index 13% year-to-date return.

The US economy retained its lead whilst inflation data were mixed. The headline rate in the US rose to 3.7% y/y amid the surge in oil prices. The US Federal Reserve ('Fed') left its target range unchanged at 5.25 – 5.50% though the latest projections show one further rate hike this year along with a tighter policy stance through next year. Eurozone inflation slowed by more than anticipated over September with the European Central Bank ('ECB') raising its deposit rate by 25 basis points to 4%. Both the BoE and the Swiss National Bank unexpectedly kept rates on hold at 5.25% and 1.75% respectively. In the UK whilst the economy contracted by 0.5% over the month, the UK's post-pandemic recovery was revised higher with the economy circa 2% larger than previously estimated as of quarter 2 2023. In Japan, the Bank of Japan ('BoJ') kept its policy stance unaltered, maintaining its widened Yield Curve Control.

Following a last-minute deal, a US government shutdown was avoided but it only ensured funding until mid-November. Russia's invasion of Ukraine showed few signs of resolution, and the G20 joint declaration controversially avoided direct criticism of the aggressor. Real estate distress remained in focus in China – notably, Evergrande remains a recurring concern – but Beijing has been eager to signal support, this time by easing banks' reserve requirement ratios.

There were no material changes to the portfolio over the month.

*Source: Bloomberg.

Investment Manager's report - Rothschild & Co Wealth Management UK Limited - from 1 August 2023 (continued)

Investment activities* (continued)

October 2023

Global equities declined by 3% (USD) over the month as broad-based weakness continued to underscore the narrowly led market. The 'Magnificent Seven' now account for almost all of the global stock market's 7% year-to-date return. In fixed income, the US treasury yield briefly rose above the 5% mark. The third quarter US earnings season has been better than expected, with a blended earnings growth rate of +2.7% y/y at the halfway mark. The US economy expanded at its strongest growth rate since late-2021, largely driven by a strong consumer, as the Euro area Gross Domestic Product ('GDP') contracted by 0.1%. The US labour market also remained healthy with unemployment at 3.8% in September. China's economy grew by a stronger-than-anticipated 4.9% y/y in the third quarter, with both retail sales and industrial production beating expectations again in September.

Core inflation rates continued to decline across the US and Europe, moving to 4.2% in the Euro area and 6.1% in the UK. The ECB left its deposit rate unchanged at 4%, following 10 consecutive rate hikes, though Lagarde did not rule out further tightening. In Japan, core inflation cooled to 4.2%. The BoJ 'increased flexibility' in its Yield Curve Control programme. It adopted a less restrictive tone on the previously strict 1% yield cap on 10-year Japanese Government Bond's, prompting the yen to come under renewed pressure. Headline inflation in China eased to 0% y/y in September, though this was mostly due to falling food prices. Ongoing property market distress prompted Beijing to offer more economic support by raising its 2023 fiscal deficit ratio.

In the political sphere, House Speaker Kevin McCarthy was ousted and after weeks of Republican gridlock, eventually replaced by Mike Johnson – a Trump ally. The Swiss People's Party solidified its position after receiving the most votes (circa 28%) in the Swiss Federal Election.

There were no material changes made to the portfolio over the month of October.

November 2023

Global stocks recorded their strongest month in three years (+9.2% in USD) – nearly retracing the summer losses – in a broad-based rally that saw cyclical sectors outperform. Bond yields declined sharply, with the US 10-year note delivering the best monthly return in more than 10 years.

Inflation data were better than expected, with the core rate edging lower to 4% in the US and 3.6% in the Euro area. Following Ofgem's energy price cap reduction, the UK headline inflation rate fell by more than two percentage points to 4.6% in October. The Fed left its target range unchanged at 5.25 – 5.50% - a second consecutive pause – but Powell was careful not to rule out further rate hikes. The BoE once again held its base rate at 5.25%. While the property sector remained a drag on output in China, Beijing was reportedly weighing a plan for banks to offer unsecured loans to developers for the first time. The headline inflation rate dipped into deflation territory again, echoing further food price declines.

In the geopolitical sphere, US-China tensions appeared to thaw: a resumption in high-level military communication was agreed at the Biden-Xi meeting. A government shutdown was temporarily averted in the US, with funding extended to at least mid-January, but Moody's put the US' top credit rating on 'negative' outlook. Elsewhere, the temporary ceasefire in the Middle East allowed for the exchange of hostages. The far-right PVV unexpectedly became the largest party in the Dutch election.

In November, we purchased Citigroup S&P 500 Index 4000 07/01/2025 across our portfolios to increase protection in the event of an equity market drawdown. This has an exercise price (strike) of 4,000 points.

December 2023

Global stocks rose to fresh year-to-date highs (+4.8% in USD) as market participation broadened into year-end. The policy pivot narrative moved into focus over the month, with money markets discounting more aggressive rate cuts in 2024. The Fed left its target rate range at 5.25 – 5.50% for the third consecutive meeting, but Powell signalled the prospects of rate cuts next year. Lagarde and Bailey struck a hawkish tone at their respective meetings as the ECB and BoE left their policy rates unchanged. The core inflation rate in the US was unchanged at 4%, whilst the UK inflation fell by more than anticipated to 5.1%. Despite speculation that negative rates may end soon, the BoJ remained on hold.

The labour market remained tight in the US. The unemployment rate unexpectedly fell to 3.7% and initial jobless claims remained subdued. In China, Beijing announced that industrial policy would overtake boosting domestic demand as the top economic priority for next year.

*Source: Bloomberg.

Investment activities* (continued)

December 2023 (continued)

In the geopolitical sphere, a financial aid package for Ukraine was vetoed by Hungary at the European Union ('EU') summit while the conflict in the Middle East caused interruptions to maritime trade in the Red Sea. The COP 28 summit ended with an agreement to 'transition away' from fossil fuels. The Colorado Supreme Court disqualified former President Trump from the state's primary ballots next year – as did Maine – and the House backed an impeachment inquiry into President Biden.

Over the month of December, we trimmed our holdings in both Constellation Software and Microsoft to reduce our overall return asset exposure which had drifted up over the year. Both companies have performed strongly over the year, up close to 60% in local currency terms. We used a portion of these proceeds to top up our position in Eurofins Scientific. The business has faced some cyclical headwinds this year which has led to weak share price performance. We viewed this as an opportunity to allow us to add to a high-quality business that has long term secular tailwinds. Structurally we think the need for more complex testing in areas such as the environment, food and pharma will increase over time, as will the regulation. The business is investing in AI which will be key for scale testing with vast data sets.

January 2024

Equities rose by 0.6% (USD) in January as the theme of US outperformance continued with the S&P 500 Index briefly rising to a record high. The 'Magnificent Seven' stocks continued to outperform along with growth (+2.1%). The US economy defied expectations in the final quarter of 2023, expanding by 3.3% (annualised), with consumption remaining firm. Meanwhile, the euro area narrowly avoided a technical recession. Labour market tightness persisted on both sides of the Atlantic: the US unemployment rate was unchanged at 3.7% while the eurozone rate remained at a record low in December.

Remarkably, the Fed's preferred inflation measure – the core Personal Consumption Expenditure ('PCE') Price Index – returned to 2% in the fourth quarter on a quarterly annualised basis. In the eurozone, both headline and core inflation edged lower but the UK CPI data were disappointing in December, with core inflation still elevated at 5.1%. The major central banks – the Fed, ECB and BoE – all left their policy rates unchanged during their inaugural meetings of the year. The timing of rate cuts remained in focus, as Powell signalled a March rate cut was not the base scenario. Money markets pencilled in easing from the second quarter onwards.

Elsewhere, the BoJ left its policy rate unaltered, while the People's Bank of China cut the reserve requirement ratio for banks, amid persistent property sector problems. Beijing was also rumoured to be preparing a stock market package, following its ongoing weakness. China's economy expanded by 5.2% in 2023, beating the annual growth target. Headline inflation remained in modest deflation territory at year-end though this was mostly driven by falling food prices.

In the geopolitical sphere, conflict spread in the Middle East, after a US military base was attacked in Jordan. Red Sea disruptions also continued and caused global spot container rates to more than double in January (though they are roughly a third of their 2021 highs). In the Taiwan election, the incumbent Director of Public Prosecutions retained power with little reaction from China. In the US Republican primaries, Trump cemented his nomination after winning in Iowa and New Hampshire. UK Prime Minister Sunak announced a general election was likely in the second half of this year.

There were no material changes made to the portfolio over the month.

February 2024

Global equities surged by 4.3% in February (USD) as regional and sector returns broadened, though 'growth' stocks continued to lead the market higher. The performance of the 'magnificent seven' appeared fragmented: NVIDIA's 60% surge in 2024 contrasts starkly with Tesla, down a fifth. The US earnings season was better than anticipated with the Q4 earnings growth at 4%. In fixed income, 10-year government bond yields rose to year-to-date highs. Bitcoin surged close to record highs – surpassing $60,000.

*Source: Bloomberg.

Investment activities* (continued)

February 2024 (continued)

Labour market tightness persisted in the US with the unemployment rate holding steady at 3.7%, but headline inflation continued to cool to 3.1% in January. Euro area core inflation declined in February to 3.1% whilst the UK was unchanged at 5.1% as data confirmed the UK entered a technical recession at the end of 2023. Another reduction in Ofgem's energy price cap from April points to ongoing disinflation ahead. Japan also entered a technical recession and China's headline inflation rate fell further into deflation territory. The mortgage-linked lending rate was cut by 25 basis points in Beijing to alleviate the ongoing property sector issues and further supportive stock market measures were introduced.

Several members of the Federal Open Market Committee reiterated the 'higher for longer' rhetoric. Money markets moderated 2024 rate cut expectations, more than halving the number of cuts anticipated in some places since the start of the year. US regional banking stress briefly reemerged – and quickly dissipated – following an unexpectedly weak quarterly report from New York Community Bancorp. In fiscal policy, the EU agreed to a €50 billion package for Ukraine, but US support remained gridlocked in Congress. Meanwhile, a spending bill was belatedly agreed, temporarily averting a US government shutdown. Ahead of Super Tuesday, Trump continued to build on his significant lead over Haley in the Republican primaries.

In February, we sold our position in Microsoft in full. When we purchased it in 2022, we had conviction in a small part of the business, the Cloud. As a result, we initiated a small position, though were conscious of the valuation – and since then, Microsoft is up 49%. Trading on a forward price-to-earnings ('P/E') ratio of 35x, we think there are better forward return opportunities elsewhere in the portfolio. This followed us recently trimming 0.5% from the position in December 2023.

We used a portion of these proceeds to top up our position in Pinnacle ICAV - Aikya Global Emerging Markets Fund, over two tranches. We have spent time with Aikya understanding their research process and we have appreciated their transparency with us. At our most recent meeting, the team were excited about the Fund's forward returns which are currently in the high double digits, compared to 10% historically. Aside from some notable exceptions (such as India), emerging market stock indices have lagged their developed market peers in recent years, particularly the US market (MSCI EM has returned 15% over the last 5 years in GBP terms, while the S&P 500 Index and MSCI ACWI have returned 107% and 72%, respectively). Aikya have been reducing their exposure to India, as they mostly see bubble-like valuations, and are reallocating selectively to cheaper markets such as China, Brazil and South Africa. We have added to the position based on the attractive valuations in the portfolio and the outlook for returns.

March 2024

Stock market optimism prevailed in March as global equities continued their upswing, rising by 3.1% (USD) while government bonds were also up by 0.7% (USD). Global stocks recorded their longest positive monthly streak since 2021. There were broad-based returns across regions and sectors as Energy and Materials were the best performing amid higher commodity prices. Gold rose to a record high, exceeding the $2,200 threshold, as did bitcoin which briefly surpassed $70,000.

The US unemployment rate nudged higher, though it remained low by historical standards. First quarter US GDP estimates were tracking at an above-trend 3%. US core inflation continued to move lower to 3.8%. GDP expanded modestly in January in the UK whilst European inflation rates continued to move lower, despite ongoing labour market tightness. The Fed left its target rate range unchanged at 5.25% - 5.50% for the fifth consecutive meeting, while its updated interest rate projections reiterated three rate cuts in 2024. The ECB left the deposit rate at 4.00% as the BoE's base rate remained at 5.25%. Elsewhere, the BoJ ended eight years of negative interest rates amid growing evidence of solid wage growth. In the political sphere, with the US primaries largely concluded, a Biden-Trump rematch was confirmed for 5 November 2024.

Within the portfolio, we redeemed a portion of our position in InRIS QIAIF - Vanda Fund which we are liquidating across five monthly tranches. The political context surrounding China's equities has not cleared and has in fact arguably deteriorated further, and we have little confidence in our ability to predict when (and if) this will change. Political interference in businesses was very limited when we first invested in early 2018, i.e. not part of our original investment thesis, but became more of an issue during and post the pandemic. The regulatory crackdown on sectors such as private tuition demonstrated the ease with which state intervention can destroy shareholder value. We believe there are better opportunities elsewhere in the portfolio, where we have greater confidence about the longer-term outlook and shareholder returns.

*Source: Bloomberg.

Investment Manager's report - Rothschild & Co Wealth Management UK Limited - from 1 August 2023 (continued)

Investment strategy and outlook

Middle East conflict and the US presidential election loom over the outlook for 2024. However, while these events might affect portfolios, the business cycle certainly will – and the jury is still out on whether the fight against inflation has been won without the need for a significant economic setback.

Rothschild & Co Wealth Management UK Limited
19 April 2024

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 £
iShares Core MSCI World UCITS ETF	6,495,835
iShares Corp Bond 0-5 year UCITS ETF	3,956,425
iShares Core MSCI Emerging Markets ETF	2,538,857
iShares FTSE 250 UCITS ETF	2,072,142
Lansdowne ICAV - Lansdowne Developed Markets Long Only Fund	1,119,000
Pinnacle ICAV - Aikya Global Emerging Markets Fund	1,109,109
Berkshire Hathaway	911,229
Ashtead Group	901,567
Ryanair Holdings	838,342
BlackRock ICS Sterling Government Liquidity Fund	824,432
American Express	766,616
Mastercard	743,310
Moody's	728,189
Bares US Equity Fund	719,014
S&P Global	677,179
Linde USD	663,990
Comcast	649,379
Amundi US Tech 100 Equal Weight UCITS ETF	644,858
Eurofins Scientific	644,129
Deere	609,921

Sales:	Proceeds £
iShares Core MSCI World UCITS ETF	6,475,816
iShares Corp Bond 0-5 year UCITS ETF	3,965,292
iShares Core MSCI Emerging Markets ETF	2,497,549
iShares FTSE 250 UCITS ETF	1,950,416
Atlantic House Defined Returns Fund	1,632,655
Jupiter Japan Income Fund	979,375
BlackRock ICS Sterling Government Liquidity Fund	825,225
Fundsmith Equity Fund	757,646
HgCapital Trust	750,701
Polar Capital Funds - Global Technology Fund	711,684
HarbourVest Global Private Equity	685,252
Invesco Far Eastern Investment Series - Asian Fund	661,296
Baillie Gifford Overseas Growth Funds ICVC - Emerging Markets Growth Fund	635,969
Microsoft	626,829
Guinness Global Equity Income Fund	622,131
Legg Mason Global Funds - Royce US Small Cap Opportunity Fund	576,954
Federated Hermes Impact Opportunities Equity Fund	543,421
UK Treasury Bill 0% 05/02/2024	500,000
Fidelity Funds - Sustainable Asia Equity Fund	476,131
Liontrust UK Smaller Companies Fund	468,259

Portfolio statement
as at 31 March 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Debt Securities* 6.41% (0.00%)			
Aaa to Aa2 2.14% (0.00%)			
US Treasury Inflation Indexed Bonds 1.25% 15/04/2028**	$259,700	205,298	0.89
US Treasury Inflation Indexed Bonds 0.125% 15/02/2052**	$561,700	289,347	1.25
		494,645	2.14
Aa3 to A1 4.27% (0.00%)			
UK Treasury Bill 0% 17/06/2024	£500,000	494,230	2.14
UK Treasury Bill 0% 05/08/2024	£500,000	490,795	2.13
		985,025	4.27
Total debt securities		1,479,670	6.41
Equities 55.59% (24.50%)			
Equities - United Kingdom 7.13% (11.08%)			
Equities - incorporated in the United Kingdom 7.13% (10.55%)			
Energy 0.00% (0.38%)		-	-
Materials 0.00% (1.37%)		-	-
Industrials 3.87% (1.47%)			
Ashtead Group	15,839	893,003	3.87
Consumer Discretionary 0.00% (0.56%)			
Consumer Staples 0.00% (0.78%)		-	-
Health Care 0.00% (1.57%)		-	-
Financials 3.26% (1.31%)			
Admiral Group	26,466	750,840	3.26
Information Technology 0.00% (1.66%)		-	-
Communication Services 0.00% (1.45%)		-	-
Total equities - incorporated in the United Kingdom		1,643,843	7.13
Equities - incorporated outwith the United Kingdom 0.00% (0.53%)			
Industrials 0.00% (0.53%)		-	-
Total equities - United Kingdom		1,643,843	7.13

* Grouped by credit rating - source: Interactive Data and Bloomberg.
** Variable interest security.

Portfolio statement (continued)
as at 31 March 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Equities (continued)			
Equities - Europe 12.21% (4.62%)			
Equities - Denmark 0.00% (0.30%)		-	-
Equities - France 0.00% (0.37%)		-	-
Equities - Germany 0.00% (0.77%)		-	-
Equities - Ireland 9.43% (0.56%)			
Linde EUR	392	144,078	0.62
Linde USD	2,205	810,033	3.51
Ryanair Holdings	10,601	1,221,769	5.30
Total equities - Ireland		2,175,880	9.43
Equities - Luxembourg 2.78% (0.00%)			
Eurofins Scientific	12,695	640,801	2.78
Equities - Netherlands 0.00% (2.33%)		-	-
Equities - Switzerland 0.00% (0.29%)		-	-
Total equities - Europe		2,816,681	12.21
Equities - North America 36.25% (8.80%)			
Equities - Canada 5.78% (0.42%)			
Canadian Pacific Kansas City	8,018	559,626	2.43
Constellation Software	272	568,619	2.47
Lumine Group	1,044	21,863	0.09
Topicus.com	2,578	181,719	0.79
Total equities - Canada		1,331,827	5.78
Equities - United States 30.47% (8.38%)			
American Express	5,872	1,058,331	4.59
Berkshire Hathaway	3,521	1,171,594	5.08
Booking Holdings	236	676,988	2.94
Cable One	439	146,534	0.64
Charter Communications	798	183,358	0.79
Comcast	18,219	625,063	2.71
Deere	1,819	590,993	2.56
Liberty Broadband	1,291	58,457	0.25
Mastercard	2,424	922,857	4.00
Moody's	2,719	845,629	3.67
S&P Global	2,221	747,026	3.24
Total equities - United States		7,026,830	30.47
Total equities - North America		8,358,657	36.25
Total equities		12,819,181	55.59

Portfolio statement (continued)
as at 31 March 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Closed-Ended Funds - United Kingdom 0.00% (9.83%)			
Closed-Ended Funds - incorporated in the United Kingdom 0.00% (5.38%)		-	-
Closed-Ended Funds - incorporated outwith the United Kingdom 0.00% (4.45%)		-	-
Collective Investment Schemes 34.57% (65.16%)			
UK Authorised Collective Investment Schemes 0.00% (29.56%)		-	-
Offshore Collective Investment Schemes 34.57% (35.60%)			
Amundi US Tech 100 Equal Weight UCITS ETF	69,317	737,518	3.20
Bares US Equity Fund	7,520	828,385	3.58
CFM IS Trends Equity Capped Fund	484	661,441	2.87
CFM UCITS ICAV - CFM IS Trends Fund	3,440	574,340	2.49
CG Portfolio Fund - Real Return Fund	4,461	405,987	1.76
InRIS QIAIF - Vanda Fund	5,472	299,463	1.30
Lansdowne ICAV - Lansdowne Developed Markets Long Only Fund	11,656	1,302,796	5.65
Multirange SICAV - One River Dynamic Convexity	5,938	396,109	1.72
PCP Selection UCITS - TULIP Trend Fund UCITS	538	689,192	2.97
Pentaris Global Long Term Equity Fund	1,277	114,407	0.50
Phoenix Equity Fund F GBP	3,766	582,644	2.53
Phoenix Equity Fund S GBP	1,970	285,168	1.24
Pinnacle ICAV - Aikya Global Emerging Markets Fund	101,235	1,096,700	4.76
Total offshore collective investment schemes		7,974,150	34.57
Total collective investment schemes		7,974,150	34.57
Warrants 0.00% (0.00%)			
Constellation Software Warrants ^	294	-	-
Structured Products 0.11% (0.00%)			
Citigroup S&P 500 Index 3800 21/06/2024	972	3,094	0.01
Citigroup S&P 500 Index 4000 07/01/2025	559	22,773	0.10
Total structured products		25,867	0.11

^ Constellation Software Warrants was priced by an independent source and was deemed to have no value as the warrants have no prospect of becoming listed or exercisable.

Portfolio statement (continued)
as at 31 March 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Forward currency contracts 0.98% (0.00%)			
Sell US dollar	($5,684,000)	(4,499,008)	
Buy UK sterling	£4,662,895	4,662,895	
Expiry date 19 April 2024		163,887	0.71
Sell euro	(€2,717,000)	(2,324,978)	
Buy UK sterling	£2,387,385	2,387,385	
Expiry date 26 April 2024		62,407	0.27
Total forward currency contracts		226,294	0.98
Portfolio of investments		22,525,162	97.66
Other net assets		538,910	2.34
Total net assets		23,064,072	100.00

All investments are listed on recognised stock exchanges and 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’).

GICS was developed by and is the exclusive property and a service mark of MSCI Inc. (‘MSCI’) and Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (‘S&P’) and is licensed for use by Evelyn Partners Services Limited. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Risk and reward profile*

The risk and reward indicator table demonstrates where the 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 Fund. The shaded area in the table below shows the 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 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 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 unitholder an indication of the performance of a unit in the Fund. It also discloses the operating charges and direct transaction costs applied to each unit. Operating charges are those charges incurred in operating the Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	2024	2023	2022
Accumulation	p	p	p
Change in net assets per unit			
Opening net asset value per unit	369.33	400.80	389.32
Return before operating charges	61.07	(25.18)	18.79
Operating charges	(4.74)	(6.29)	(7.31)
Return after operating charges *	56.33	(31.47)	11.48
Distributions^	(1.23)	(0.42)	(0.27)
Retained distributions on accumulation units^	1.23	0.42	0.27
Closing net asset value per unit	425.66	369.33	400.80
* after direct transaction costs of:	0.37	0.20	0.01
Performance			
Return after charges	15.25%	(7.85%)	2.95%
Other information			
Closing net asset value (£)	23,064,072	20,011,771	21,717,256
Closing number of units	5,418,448	5,418,422	5,418,422
Operating charges^^	1.23%	1.70%	1.78%
Direct transaction costs	0.09%	0.05%	0.00%
Published prices			
Highest offer unit price	424.7	393.2	437.1
Lowest bid unit price	360.4	347.5	376.4

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 Manager's periodic charge and the Investment Manager's fee 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.

Financial statements - The Capital Balanced Fund

Statement of total return

for the year ended 31 March 2024

	Notes	2024		2023	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		2,985,472		(1,728,009)
Revenue	3	289,206		241,947	
Expenses	4	(211,157)		(215,945)	
Net revenue before taxation		78,049		26,002	
Taxation	5	(11,324)		(3,478)	
Net revenue after taxation			66,725		22,524
Total return before distributions			3,052,197		(1,705,485)
Distributions	6		(66,755)		(22,541)
Change in unitholders' funds from investment activities			2,985,442		(1,728,026)

Statement of change in unitholders' funds

for the year ended 31 March 2024

	2024	2023
	£	£
Opening net assets	20,011,771	21,717,256
Amounts receivable on issue of units	104	-
Change in unitholders' funds from investment activities	2,985,442	(1,728,026)
Retained distributions on accumulation units	66,755	22,541
Closing net assets	23,064,072	20,011,771

Balance sheet
as at 31 March 2024

	Notes	2024	2023
		£	£
Assets:			
Fixed assets:			
Investments		22,525,162	19,909,484
Current assets:			
Debtors	7	8,485	33,480
Cash and cash equivalents	8	558,946	94,693
Total assets		23,092,593	20,037,657
Liabilities:			
Creditors:			
Other creditors	9	(28,521)	(25,886)
Total liabilities		(28,521)	(25,886)
Net assets		23,064,072	20,011,771
Unitholders' funds		23,064,072	20,011,771

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	2,475,635	1,202,310
Non-derivative securities - movement in unrealised gains / (losses)	473,667	(2,934,478)
Currency gains	47,965	2,656
Forward currency contracts losses	(10,601)	-
Compensation	76	2,665
Transaction charges	(1,270)	(1,162)
Total net capital gains / (losses)	2,985,472	(1,728,009)

3. Revenue

	2024	2023
	£	£
UK revenue	89,432	192,698
Unfranked revenue	583	5,611
Overseas revenue	127,604	33,726
Interest on debt securities	36,819	-
Bank and deposit interest	34,732	9,912
Stock dividends	36	-
Total revenue	289,206	241,947

4. Expenses

	2024	2023
	£	£
Payable to the Manager and associates		
Annual management charge*	209,063	200,404
Annual management charge rebate*	(11,219)	-
	197,844	200,404
Other expenses:		
Audit fee	8,700	7,242
Non-executive directors' fees	1,758	1,560
Safe custody fees	443	900
Bank interest	2,275	207
FCA fee	137	232
Legal fee	-	5,400
	13,313	15,541
Total expenses	211,157	215,945

5. Taxation

	2024	2023
	£	£
a. Analysis of the tax charge for the year		
Overseas tax withheld	11,324	3,478
Total taxation (note 5b)	11,324	3,478

* The annual management charge is 1.00% and includes the Manager's periodic charge and the Investment Manager's fee. Where the Manager's periodic charge and the Investment Manager's fee 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 0.95%.

5. Taxation (continued)

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	78,049	26,002
Corporation tax @ 20%	15,610	5,200
Effects of:		
UK revenue	(17,894)	(38,540)
Overseas revenue	(23,673)	(6,354)
Overseas tax withheld	11,324	3,478
Excess management expenses	25,957	39,694
Total taxation (note 5a)	11,324	3,478

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 £450,345 (2023: £424,388).

6. Distributions

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

	2024	2023
	£	£
Interim accumulation distribution	58,248	-
Final accumulation distribution	8,507	22,541
Total net distributions	66,755	22,541

Reconciliation between net revenue and distributions:

	2024	2023
Net revenue after taxation per Statement of total return	66,725	22,524
Undistributed revenue brought forward	35	52
Undistributed revenue carried forward	(5)	(35)
Distributions	66,755	22,541

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

7. Debtors

	2024	2023
	£	£
Accrued revenue	4,346	31,891
Recoverable overseas withholding tax	973	1,589
	5,319	33,480
Payable from the Manager and associates		
Annual management charge rebate	3,166	-
Total debtors	8,485	33,480

Notes to the financial statements (continued)

for the year ended 31 March 2024

8. Cash and cash equivalents

	2024	2023
	£	£
Total cash and cash equivalents	558,946	94,693

9. Other creditors

	2024	2023
	£	£
Accrued expenses:		
Payable to the Manager and associates		
Annual management charge	19,053	16,848
Other expenses:		
Safe custody fees	118	230
Audit fee	8,700	7,560
Non-executive directors' fees	491	1,156
Transaction charges	159	92
	9,468	9,038
Total other creditors	28,521	25,886

10. Commitments and contingent liabilities

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

11. Unit classes

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

	Accumulation
Opening units in issue	5,418,422
Total units issued in the year	26
Closing units in issue	5,418,448

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

12. Related party transactions

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

The Manager acts as principal in respect of all transactions of units in the Fund. The aggregate monies received and paid through the creation and cancellation of units are disclosed in the Statement of change in unitholders' funds.

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

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per accumulation unit has decreased from 425.7p to 412.1p as at 28 June 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.

14. Transaction costs (continued)

a Direct transaction costs (continued)

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

2024	Purchases before transaction costs £	Commission £	Commission %	Taxes £	Taxes %	Financial transaction tax £	Financial transaction tax %	Purchases after transaction costs £
Equities	11,672,291	3,554	0.03%	8,057	0.07%	-	-	11,683,902
Bonds*	2,859,265	-	-	-	-	-	-	2,859,265
Collective Investment Schemes	23,346,840	2,442	0.01%	370	0.00%	-	-	23,349,652
Structured Products*	170,313	-	-	-	-	-	-	170,313
Total	38,048,709	5,996	0.04%	8,427	0.07%	-	-	38,063,132

2023	Purchases before transaction costs £	Commission £	Commission %	Taxes £	Taxes %	Financial transaction tax £	Financial transaction tax %	Purchases after transaction costs £
Equities	1,567,174	256	0.02%	2,170	0.14%	185	0.01%	1,569,785
Closed-Ended Funds	1,660,638	272	0.02%	3,354	0.20%	-	-	1,664,264
Collective Investment Schemes	4,456,895	4,064	0.09%	-	-	-	-	4,460,959
Total	7,684,707	4,592	0.13%	5,524	0.34%	185	0.01%	7,695,008

Capital events amount of £35 (2023: £nil) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

2024	Sales before transaction costs £	Commission £	Commission %	Taxes £	Taxes %	Financial transaction tax £	Financial transaction tax %	Sales after transaction costs £
Equities	5,844,824	(1,931)	0.03%	(1,249)	0.02%	-	-	5,841,644
Closed-Ended Funds	2,092,536	(342)	0.02%	-	-	-	-	2,092,194
Bonds*	1,399,888	-	-	-	-	-	-	1,399,888
Collective Investment Schemes	29,328,502	(1,817)	0.01%	(20)	0.00%	-	-	29,326,665
Total	38,665,750	(4,090)	0.06%	(1,269)	0.02%	-	-	38,660,391

2023	Sales before transaction costs £	Commission £	Commission %	Taxes £	Taxes %	Financial transaction tax £	Financial transaction tax %	Sales after transaction costs £
Equities	2,953,663	(490)	0.02%	(3)	0.00%	-	-	2,953,170
Closed-Ended Funds	1,047,180	(169)	0.02%	-	-	-	-	1,047,011
Collective Investment Schemes	3,506,245	(16)	0.00%	-	-	-	-	3,506,229
Total	7,507,088	(675)	0.04%	(3)	0.00%	-	-	7,506,410

Capital events amount of £29,908 (2023: £nil) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

* No direct transaction costs were incurred in these transactions.

14. Transaction costs (continued)

a Direct transaction costs (continued)

Summary of direct transaction costs

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

2024	£	% of average net asset value
Commission	10,086	0.05%
Taxes	9,696	0.04%

2023	£	% of average net asset value
Commission	5,267	0.02%
Taxes	5,527	0.03%
Financial transaction tax	185	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 0.21% (2023: 0.26%).

15. Risk management policies

In pursuing the Fund's investment objective, as set out in the Prospectus, the following are accepted by the Manager as being the main risks from the Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the Manager'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 Manager, 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 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 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 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 Fund is exposed to price fluctuations, which are monitored by the Manager 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 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 Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders of the Fund would increase or decrease by approximately £1,039,667 (2023: £995,474).

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 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	772,201	667	772,868
Danish krone	14	-	14
Euro	784,879	973	785,852
US dollar	12,118,543	3,679	12,122,222
Total foreign currency exposure	13,675,637	5,319	13,680,956

2023	Financial instruments and cash holdings £	Net debtors and creditors £	Total net foreign currency exposure £
Canadian dollar	83,299	-	83,299
Danish krone	59,464	-	59,464
Euro	809,578	1,589	811,167
Swiss franc	57,657	470	58,127
US dollar	1,673,297	3,695	1,676,992
Total foreign currency exposure	2,683,295	5,754	2,689,049

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 unitholders of the Fund would increase or decrease by approximately £342,849 (2023: £134,452). 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 Fund's investments will fluctuate as a result of interest rate changes.

During the year the Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities. The Fund also has indirect exposure to interest rate risk as it invests in bond funds. The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally. In the event of a change in interest rates, there would be no material impact upon the net assets of the Fund.

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)

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

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

2024	Variable rate financial assets £	Fixed rate financial assets £	Non-interest bearing financial assets £	Non-interest bearing financial liabilities £	Total £
Canadian dollar	-	-	772,868	-	772,868
Danish krone	14	-	-	-	14
Euro	-	-	785,852	-	785,852
UK sterling	558,932	985,025	7,867,680	(28,521)	9,383,116
US dollar	494,645	-	11,627,577	-	12,122,222
	1,053,591	985,025	21,053,977	(28,521)	23,064,072

There is no exposure to interest bearing securities in 2023.

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 and issuer risk.

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

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors, and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Portfolio statement.

The Fund holds cash and cash deposits with financial institutions which potentially exposes the Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the 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 units 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 units 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 units in the 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.

The Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Fund may not be able to immediately sell such securities.

15. Risk management policies (continued)

c Liquidity risk (continued)

To reduce liquidity risk the Manager will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the 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 Fund.

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the 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 Manager 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 Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

Basis of valuation	Investment assets 2024 £	Investment liabilities 2024 £
Quoted prices	15,036,369	-
Observable market data	7,462,926	-
Unobservable data*	25,867	-
	22,525,162	-

Basis of valuation	Investment assets 2023 £	Investment liabilities 2023 £
Quoted prices	8,976,383	-
Observable market data	10,933,101	-
Unobservable data*	-	-
	19,909,484	-

Structured product holdings in the portfolio statement are valued using valuation models where the inputs are unobservable. The Manager engages a third party to provide valuations for these investments.

*The following security is valued in the portfolio of investments using a valuation technique:

Constellation Software Warrants was priced by an independent source and was deemed to have no value as the warrants have no prospect of becoming listed or exercisable.

Unobservable data

Unobservable data has been used only where relevant observable market data is not available. Where there was no reputable price source for an investment, the Manager has assessed information available from internal and external sources in order to arrive at an estimated fair value. The fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. The Manager of the Fund also makes judgements and estimates based on their knowledge of recent investment performance, historical experience and other the assumptions used are under continuous review by the Manager with particular attention paid to the carrying value of the investments.

15. Risk management policies (continued)

e Assets subject to special arrangements arising from their illiquid nature

The following assets held in the portfolio of investments are subject to special arrangements arising from their illiquid nature:

	2024	2023
	% of the total net asset value	% of the total net asset value
Constellation Software Warrants	0.00%	-
Total	0.00%	-

f Derivatives

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

The Manager monitors that any exposure is covered globally to ensure adequate cover is available to meet the 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 Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Fund at any given time and may not exceed 100% of the net asset value of the property of the Fund.

For certain derivative transactions cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

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 Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition the Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Fund may transact in derivative contracts which potentially exposes the 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 Trustee.

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

(ii) Leverage

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

As at the balance sheet date, the leverage was 0.64%.

Notes to the financial statements (continued)

for the year ended 31 March 2024

15. Risk management policies (continued)

f Derivatives (continued)

(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		
Structured Products		
Citigroup S&P 500 Index 3800 21/06/2024	71,333	0.31%
Citigroup S&P 500 Index 4000 07/01/2025	75,188	0.33%
Forward Currency Contracts		
Value of short position - euro	2,324,978	10.08%
Value of short position - US dollar	4,499,008	19.51%

There have been no collateral arrangements in the year.

Distribution table

for the year ended 31 March 2024

Interim distribution in pence per unit

Group 1 - Units purchased before 1 April 2023

Group 2 - Units purchased 1 April 2023 to 30 September 2023

	Net revenue	Equalisation	Total distribution 30 November 2023	Total distribution 30 November 2022
Accumulation				
Group 1	1.075	-	1.075	-
Group 2	1.075	-	1.075	-

Final distribution in pence per unit

Group 1 - Units purchased before 1 October 2023

Group 2 - Units purchased 1 October 2023 to 31 March 2024

	Net revenue	Equalisation	Total distribution 31 May 2024	Total distribution 31 May 2023
Accumulation				
Group 1	0.157	-	0.157	0.416
Group 2	0.048	0.109	0.157	0.416

Equalisation

Equalisation applies only to group 2 units. It is the average amount of revenue included in the purchase price of group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax in the hands of the unitholder but must be deducted from the cost of units for capital gains tax purposes.

Accumulation distributions

Holders of accumulation units should add the distributions received thereon to the cost of the units for capital gains tax purposes.

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 £'000	Variable Cash £'000	Variable Equity £'000	Total £'000	No. MRTs
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 Manager to 31 July 2023

The Manager delegated the management of the Fund's portfolio of assets to Brown Shipley & Co. Limited and paid to Brown Shipley & Co. Limited, out of the annual management charge, a monthly fee calculated on the total value of the portfolio of investments at the month end. Brown Shipley & Co. Limited were compliant with the Capital Requirements Directive regarding remuneration and therefore their staff were covered by remuneration regulatory requirements.

Investment Manager from 1 August 2023

The Manager delegates the management of the Fund's portfolio of assets to Rothschild & Co Wealth Management UK Limited and pays to Rothschild & Co Wealth Management UK Limited, out of the annual management charge, a monthly fee calculated on the total value of the portfolio of investments at the month end. Rothschild & Co Wealth Management UK Limited 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

Where net revenue is available it will be allocated semi-annually on 31 May (final) and 30 November (interim). In the event of a distribution, unitholders will receive a tax voucher.

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

Buying and selling units to 31 July 2023

The property of the Fund is valued at 12 noon on the 14th day and the last business day of the month, except where the 14th is not a business day when it shall be the next business day thereafter, and with the exception of the last business day prior to any bank holiday in England and Wales where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee. Unit dealing is on a forward basis i.e. investors can buy and sell units at the next valuation point following receipt of the order.

Buying and selling units from 1 August 2023

The property of the Fund is valued at 12 noon each business day, with the exception of the last Business Day prior to any bank holiday in England and Wales where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee. Unit dealing is on a forward basis i.e. investors can buy and sell units at the next valuation point following receipt of the order.

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

Benchmark

Unitholders may compare the performance of the Fund against the IA Flexible Investment sector.

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

The benchmark is not a target for the Fund, nor is the Fund constrained by the benchmark.

Appointments

Manager 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 Manager
Andrew Baddeley
Brian McLean
Mayank Prakash
Neil Coxhead

Independent Non-Executive Directors of the Manager
Dean Buckley
Linda Robinson
Victoria Muir
Sally Macdonald

Non-Executive Directors of the Manager
Paul Wyse - resigned 11 July 2023
Guy Swarbreck - appointed 21 August 2023

Investment Manager - to 31 July 2023
Brown Shipley & Co. Limited
2 Moorgate
London
EC2R 6AG
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Investment Manager - from 1 August 2023
Rothschild & Co Wealth Management UK Limited
New Court
St Swithin's Lane
London EC4N 8AL
Authorised and regulated by the Financial Conduct Authority

Trustee
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