The Headspring Fund

Annual Report

for the year ended 31 March 2024

Contents

Report of the Authorised Corporate Director ('ACD')

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

The Headspring Fund ('the Company' or 'the Fund') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 12 September 2014. The Company is incorporated under registration number IC001015. It is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL'), as published by the Financial Conduct Authority ('FCA').

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

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

The Company has no Directors other than the ACD.

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

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

Investment objective and policy

The objective of the Company is to provide capital and income growth through investment in a diversified portfolio in assets both in the UK and in some or all world markets. Investment may be made across asset classes including transferable securities, units of collective investment schemes, warrants, deposits and money market instruments. There is no limit to which the Company can be invested in each asset class or sector. The Company will not maintain an interest in immovable property or tangible moveable property.

It is the ACD's intention that derivative and forward transactions will only be entered into by the Company for Efficient Portfolio Management purposes. The Company may only use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivative and forward transactions for Efficient Portfolio Management is not intended to increase the risk profile of the Company.

Please be aware that there is no guarantee that capital will be preserved.

Changes affecting the Company in the year

On 26 March 2024, Veritas Investment Partners (UK) Limited changed their name to Meridiem Investment Management Limited.

Further information in relation to the Company is illustrated on page 41.

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

Neil Coxhead
Director
Evelyn Partners Fund Solutions Limited
28 June 2024

Statement of the Authorised Corporate Director's responsibilities

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

In preparing the financial statements the ACD is responsible for:

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

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

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

Assessment of Value - The Headspring Fund

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

A high-level summary of the outcome of EPFL's rigorous review of the Fund 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. ACD Costs	
4. Economies of Scale	
5. Comparable Market Rates	
6. Comparable Services	
7. Classes of Shares	
Overall Rating	

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

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

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

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

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

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

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

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

The seven criteria are:

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

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

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

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

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

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

(7) Classes of shares – the appropriateness of the classes of shares in the Fund for investors.

Assessment of Value - The Headspring Fund (continued)

1. Quality of Service

What was assessed in this section?

Internal Factors

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

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

External Factors

The Board assessed the delegates' skills, processes and experience. Also considered were any results from service review meetings as well as the annual due diligence performed by EPFL on the delegated Investment Managers, Evelyn Partners Investment Management LLP ('EPIM') and Meridiem Investment Management Limited (formerly Veritas Investment Partners (UK) Limited), where consideration was given to, amongst other things, the delegates' controls around the Fund's liquidity management.

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

What was the outcome of the assessment?

Internal Factors

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

External Factors

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

Were there any follow up actions?

There were no follow-up actions required.

2. Performance

What was assessed in this section?

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

Investment Objective

The Fund seeks to provide capital and income growth through investment in a diversified portfolio in assets both in the UK and in some or all world markets.

Benchmark

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

Assessment of Value - The Headspring Fund (continued)

2. Performance (continued)

Benchmark (continued)

The benchmark for the Fund is the ARC Equity Risk PCI, 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 Fund has performed against its comparator benchmark over various timescales can be found below.

Cumulative Performance as at 29 February 2024 (%)

	Currency	1 year	3 year	5 year
ARC Equity Risk PCI TR	GBX	6.67	10.11	29.67
The Headspring Fund Income TR	GBP	17.84	21.28	51.56

Data provided by FE fundinfo. Care has been taken to ensure that the information is correct but FE fundinfo neither warrants, represents nor guarantees the contents of the information, nor does it accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.
Performance 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 Fund over its minimum recommended holding period of five years and observed that it has outperformed its comparator benchmark, the ARC Equity Risk PCI. As a result, a green rating has been given.

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

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

Were there any follow up actions?

There were no follow-up actions required.

3. ACD Costs

What was assessed in this section?

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

Were there any follow up actions?

There were no follow-up actions required.

4. Economies of Scale

What was assessed in this section?

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

What was the outcome of the assessment?

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

The ancillary charges of the Fund represent 6 basis points[1]. Some of these costs are fixed and as the Fund grows in size may result in a small reduction in the basis point cost of these services.

Were there any follow up actions?

There were no follow-up actions required.

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

Assessment of Value - The Headspring Fund (continued)

5. Comparable Market Rates

What was assessed in this section?

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

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

What was the outcome of the assessment?

The OCF of 0.89%[2] compared favourably with those of similar externally managed funds.

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

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

What was the outcome of the assessment?

The AMC was more expensive than other EPFL administered funds displaying similar characteristics.

Were there any follow up actions?

There was no further action required as the Board were of the opinion that no element in the AMC gave cause for concern.

7. Classes of Shares

What was assessed in this section?

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

What was the outcome of the assessment?

There is only one share class in the Fund, 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

Notwithstanding the matter in section 6, the Board concluded that the Fund had provided value to shareholders.

Dean Buckley
Chairman of the Board of Evelyn Partners Fund Solutions Limited
13 May 2024

Consumer Feedback

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

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

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

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

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

Report of the Depositary to the shareholders of The Headspring Fund

Depositary's responsibilities

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

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

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

The Depositary must ensure that:

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

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

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

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

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

NatWest Trustee and Depositary Services Limited
28 June 2024

Independent Auditor's report to the shareholders of The Headspring Fund

Opinion

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

In our opinion the financial statements:

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

Basis for Opinion

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

Conclusions Relating to Going Concern

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

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

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

Other Information

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

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the COLL Rules

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

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

Independent Auditor's report to the shareholders of The Headspring Fund (continued)

Responsibilities of the Authorised Corporate Director

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Use of Our Report

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

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

Accounting policies of The Headspring 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').

The ACD 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 ACD 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.

Where an observable market price is unreliable or does not exist, investments are valued at the ACD's best estimate of the amount that would be received from an immediate transfer at arm's length. The ACD has appointed the fair value pricing committee 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.

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.

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.

e Expenses

All expenses, other than those relating to the purchase and sale of investments, are charged to revenue on an accrual basis then reallocated to capital, net of any tax effect.

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.

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

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 income shares are paid to shareholders.

ii Unclaimed distributions

Distributions to shareholders outstanding after 6 years are taken to the capital property of the Fund.

iii Revenue

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

Accounting policies of The Headspring Fund (continued)

for the year ended 31 March 2024

i Distribution policies (continued)

iv 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.

v Equalisation

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

Investment Manager's report - Evelyn Partners Investment Management LLP

For the portfolio managed by Evelyn Partners Investment Management LLP, who, at the balance sheet date managed 52.56% of the net asset value of the Fund in accordance with the investment objective and policy of the Fund.

Investment performance*

During the year, the portfolio managed by Evelyn Partners Investment Management LLP returned 16.63%. This can be compared to the ARC Equity Risk PCI comparator which rose 11.06%.

Investment activities*

Given the extremely strong performance of NVIDIA over the period, we have trimmed the position a number of times in order to manage single stock risk, firstly at the end of May 2023. Proceeds were used to add to the existing positions in Thermo Fisher Scientific and S&P Global as well as initiate a holding in Zoetis, an animal healthcare company operating in a particularly high growth segment of the industry. In August we sold Estee Lauder when concerns about their reliance on China for future growth exposed more deep-rooted issues within their supply chain. With a turnaround unlikely in the near future, proceeds were used to bring Zoetis to a full-sized position.

Later in the period we sold Tencent Holdings and Vestas Wind Systems as we remain concerned the former is too exposed to political risk in China and we no longer believe the volatility is worth the potential returns, whilst in the onshore wind space in which Vestas Wind Systems operates, there is an indication that production has already peaked with issues surrounding permits and grid connections making future growth prospects largely unknown. Proceeds were used to initiate new positions in Accenture and Intuitive Surgical, with both companies set to see considerable benefits from the adoption of Artificial Intelligence ('AI'). Intuitive Surgical recently announced the launch of a new robotic surgery system creating a replacement cycle which will be a tailwind for the stock. We initiated a position in RWE and added to existing positions in UnitedHealth Group, Veolia Environnement and Taiwan Semiconductor Manufacturing ADR. Here we felt undue share price falls offered attractive purchase opportunities. In October we sold FANUC using proceeds to buy NIKE where weakness following a destocking cycle offered an attractive entry point. Rio Tinto Finance 4% 11/12/2029 was a reinvestment of proceeds from a maturing bond and we trimmed Adobe and CRH following good runs through the year.

The beginning of 2024 saw a continuation of strong returns from the technology sector with NVIDIA again making considerable progress. We trimmed this position again in both January and February following quarter 4 results. Proceeds were used to bring Intuitive Surgical to a full position ahead of the upgrade cycle. We also bought Beazley with proceeds from Nestlé to benefit from Beazley's more attractive capital generation and higher yield. Finally NVIDIA was again trimmed in March following a 70% return over the first quarter of the year.

Investment strategy and outlook

The period was dominated by contrasting forces with continued concerns over higher-for-longer inflation and interest rates weakening markets, whilst enthusiasm over AI led to a rally for any stocks linked to that theme. This led to greatly divergent performance across the market, which was led almost exclusively by 7 companies, the so-called 'Magnificent Seven', with NVIDIA, up a staggering 225% over the period. The first quarter of the year has seen a broadening out of markets in a positive direction.

Despite inflation peaking in late 2022 it remains above the long term average with interest rates rising aggressively before being paused in August. Markets remained uncertain, strongly linked to interest rate expectations, as demonstrated by the rally last summer on expectations of a pause in the autumn, followed by a reversal as concerns shifted to rates remaining higher, before then rallying once more as focus turned to the timing of the first rate cut. This myopic focus has fallen away in the first quarter of 2024 with companies once again rewarded for the fundamental growth they produced. This has helped to create a stronger foundation for the market, which is good news going into a year which will undoubtedly be influenced heavily by global geopolitics.

Evelyn Partners Investment Management LLP
23 April 2024

*Source: FactSet and FE Analytics.

Investment Manager's report - Meridiem Investment Management Limited (previously Veritas Investment Partners (UK) Limited)

For the portfolio managed by Meridiem Investment Management Limited, who, at the balance sheet date managed 47.44% of the net asset value of the Fund in accordance with the investment objective and policy of the Fund.

Investment performance*

The portfolio value, managed by Meridiem Investment Management Limited, as at 31 March 2024 was £21,073,770.

During the year under review, the portfolio managed by Meridiem Investment Management Limited, returned 16.10% while the performance comparator ARC Equity Risk PCI returned 11.06%.

Since the portfolio performance inception date of 30 June 2021, the portfolio managed by Meridiem Investment Management Limited, has returned 21.30%, while the comparative benchmark has returned 5.10%.

Stock Performance - Leaders

Synopsys reported their full year results ahead of estimates for revenue and earnings as demand for their chip design software continues to grow, buoyed by the boom in demand for Artificial Intelligence products. The results were supported by strong guidance for growth next year and rounds off 2023 for a stock that, despite being trimmed earlier in the period is amongst the largest contributors to performance over the year.

Whilst technology companies generally, and one chipmaker in particular, dominated the market top performers for the period the portfolio contribution was more broad, with investors rewarding companies able to demonstrate increasing recurring revenues. Intuitive Surgical outlined a change of strategy towards leasing their innovative da Vinci robots to foster closer customer relationships and drive more predictable revenues.

Stock Performance - Laggards

Protests broke out in Panama over the operation of First Quantum's Cobre Panama copper mine (from which Franco-Nevada has streaming rights), consequently halting production. The mine produces 1.5% of the World's copper supply and represents roughly 20% of Franco-Nevada's assets. With staunch political and popular will to stop further production, as investors we were faced with an unprecedented and unpredictable outcome that the company could neither control nor influence. This sort of disruption is unique and has taken the shine off an otherwise golden track record from management. With such uncertainty over future growth, we took the decision to exit the Franco-Nevada position.

Investment overview*

We look to invest in companies that are well-placed to benefit from multi-year structural growth trends. These high quality and innovative companies can often be disruptors within their field. As long-term investors, a big part of our job is to scan the horizon to see who will disrupt the disruptors. To this end, a couple of the investment team spent a week in China to see first-hand how the economy is evolving.

The scale and speed of development in certain industries was staggering and left us with plenty to ponder – especially how secure are our companies competitive advantages and moats? It became clear that electromobility and the energy transition are key pillars of growth for the Chinese economy.

Chinese car company BYD is now the world's largest manufacturer of electric vehicles, producing 62% more cars in 2023 compared to 2022 and 12 times more cars than 2018. China is expanding its rail network by the equivalent of High Speed 2 phase 1 every month. Of particular note, was that these rapid expansions were being achieved via domestic progress. When you build that much, that rapidly, you can move up the curve very quickly. These advancements are supported by a growing Chinese semi-conductor market, and with an emerging competitor – both funded and subsidised by the Chinese state – we decided to sell Infineon. Looking forward, its moat and right-to-win look far less certain.

Wherever we see disruption, there are always bad actors seeking to profit. As ever more of our lives move online and processes digitise, an evolving and new wave of cybercriminals has emerged. Last year, financial services firms saw an estimated 46 million potential cyber-attacks every day and a 64% increase in ransomware attacks compared with 2022. With the stakes rising, portfolio companies such as Experian, Marsh & McLennan and Microsoft are key solution providers and on the front line of protecting against this continually rising threat.

*Source: SEI, Meridiem Investment Management Limited and ARC.

Investment Manager's report - Meridiem Investment Management Limited (previously Veritas Investment Partners (UK) Limited) (continued)

Investment activities*

Main transactions - Purchases

We added initial positions in two new companies in the first half of the period, London Stock Exchange Group and Sonova Holding.

Sonova Holding designs and manufactures Phonak (and other brands) hearing aids. According to the World Health Organisation, by 2050, 2.5 billion people are expected to be affected by a degree of hearing loss and for over 700 million people this is anticipated to be disabling. With structurally growing demand, and as the largest provider with a global footprint, Sonova Holding is in a strong position.

Following their purchase of Refinitiv in 2019, London Stock Exchange Group is now the second largest financial data business globally. In fact, the eponymous London Stock Exchange is just 3% of the business. As markets become more complex and digital, and demand for data continues to increase, London Stock Exchange Group is well placed to be a major beneficiary.

Main transactions - Sales

As mentioned above, we exited positions in Franco-Nevada and Infineon Technologies. We also sold Hasbro. Having issued a profit warning earlier in the year, the toy company announced a management shakeup, cost cutting and a change in strategy. Despite some early signs of progress, strikes in Hollywood negatively affected their entertainment division. With the outlook for the US consumer looking more uncertain, we felt the risks from waiting for the turnaround were too great.

Investment strategy and outlook*

This is the first update under our new name: Meridiem Investment Management Limited. Whilst there may be a new name above the door, inside the approach remains the same. We continue to hunt for high quality companies that can benefit from structural growth and deliver on your real return objective. We look for predictable and resilient growth and we are confident that our in-depth research and focussed portfolio allows us to take advantage of opportunities when they arise.

Meridiem Investment Management Limited (previously Veritas Investment Partners (UK) Limited)
23 April 2024

*Source: SEI, Meridiem Investment Management Limited and ARC.

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 £
Accenture	636,436
NIKE	576,552
Zoetis	503,970
Intuitive Surgical	432,268
Caterpillar Financial Services 5.72% 17/08/2026	394,974
London Stock Exchange Group	391,858
Beazley	376,517
Rio Tinto Finance 4% 11/12/2029	374,520
Nestle Holdings 5.25% 21/09/2026	313,909
WisdomTree Core Physical Gold	303,565
Sonova Holding	294,092
UK Treasury Gilt 5% 07/03/2025	290,734
UnitedHealth Group	245,982
RWE	237,370
Amazon.com	221,610
Thermo Fisher Scientific	185,446
Bunzl	107,269
Avery Dennison	106,331
Taiwan Semiconductor Manufacturing ADR	99,116
Laboratory of America Holdings	99,035

Sales:	Proceeds £
Nestlé	920,378
NVIDIA	837,895
Infineon Technologies	669,280
Blackstone Group	533,951
Franco-Nevada	506,620
Verizon Communications 4.073% 18/06/2024	453,907
Tencent Holdings	432,913
National Grid Electricity Distribution 3.625% 06/11/2023	400,000
Adobe	337,249
FANUC	324,422
Hasbro	305,904
Estee Lauder	242,919
Synopsys	227,376
CRH	169,391
Vestas Wind Systems	147,697
Fiserv	103,842
Intuit	99,800
Microsoft	90,685
Marsh & McLennan	72,249
Fortrea Holdings	67,334

Portfolio statement

as at 31 March 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Debt Securities* 8.81% (8.54%)			
Aaa to Aa2 1.13% (1.30%)			
Johnson & Johnson 5.5% 06/11/2024	£500,000	500,645	1.13
Aa3 to A1 1.36% (0.00%)			
Nestle Holdings 5.25% 21/09/2026	£311,000	314,763	0.71
UK Treasury Gilt 5% 07/03/2025	£290,000	290,667	0.65
		605,430	1.36
A2 to A3 1.77% (0.00%)			
Caterpillar Financial Services 5.72% 17/08/2026	£390,000	398,061	0.90
Rio Tinto Finance 4% 11/12/2029	£400,000	388,358	0.87
		786,419	1.77
Baa1 to Baa2 4.55% (7.24%)			
Anheuser-Busch 4% 24/09/2025	£400,000	394,458	0.90
BAT International Finance 4% 04/09/2026	£400,000	389,006	0.88
Kraft Heinz Foods 4.125% 01/07/2027	£400,000	392,568	0.88
Next Group 4.375% 02/10/2026	£400,000	393,460	0.89
Tesco Personal Finance Group 3.5% 25/07/2025**	£450,000	445,923	1.00
		2,015,415	4.55
Total debt securities		3,907,909	8.81
Equities 86.49% (87.28%)			
Equities - United Kingdom 13.13% (13.17%)			
Equities - incorporated in the United Kingdom 11.92% (10.98%)			
Energy 1.75% (1.76%)			
Shell	29,650	778,313	1.75
Materials 0.87% (1.31%)			
Croda International	7,839	384,268	0.87
Industrials 1.20% (1.08%)			
Bunzl	17,414	530,779	1.20
Consumer Discretionary 1.48% (1.21%)			
Next	7,136	658,796	1.48
Consumer Staples 1.97% (2.55%)			
Diageo	13,740	401,964	0.91
Unilever	11,850	471,038	1.06
		873,002	1.97
Health Care 1.50% (1.81%)			
AstraZeneca	6,250	667,375	1.50

* 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 - United Kingdom (continued)			
Equities - incorporated in the United Kingdom (continued)			
Financials 3.15% (1.26%)			
Beazley	57,000	379,335	0.85
London Stock Exchange Group	10,750	1,020,175	2.30
		1,399,510	3.15
Total equities - incorporated in the United Kingdom		5,292,043	11.92
Equities - incorporated outwith the United Kingdom 1.21% (2.19%)			
Industrials 1.21% (0.84%)			
Experian	15,600	538,824	1.21
Consumer Discretionary 0.00% (0.05%)		-	-
Communication Services 0.00% (1.30%)		-	-
Total equities - incorporated outwith the United Kingdom		538,824	1.21
Total equities - United Kingdom		5,830,867	13.13
Equities - Europe 20.98% (23.73%)			
Equities - Denmark 0.00% (0.54%)		-	-
Equities - France 3.91% (3.87%)			
LVMH Moët Hennessy Louis Vuitton	720	513,200	1.16
Schneider Electric	3,555	637,204	1.43
Veolia Environnement	22,700	584,748	1.32
Total equities - France		1,735,152	3.91
Equities - Germany 1.10% (2.84%)			
RWE	18,200	489,213	1.10
Equities - Ireland 5.01% (3.55%)			
Accenture	4,379	1,199,428	2.70
CRH	10,230	698,504	1.57
Kerry Group	4,829	327,975	0.74
Total equities - Ireland		2,225,907	5.01
Equities - Netherlands 4.36% (4.88%)			
Airbus	5,029	734,024	1.65
Ferrari	2,260	778,677	1.75
Heineken	5,595	427,261	0.96
Total equities - Netherlands		1,939,962	4.36

Portfolio statement (continued)
as at 31 March 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Equities (continued)			
Equities - Europe (continued)			
Equities - Switzerland 6.60% (8.05%)			
Chubb	4,035	827,698	1.86
DSM-Firmenich	4,741	427,223	0.96
Kuehne + Nagel International	1,936	426,914	0.96
Novartis	5,755	441,867	0.99
Roche Holding	2,336	471,491	1.06
Sonova Holding	1,499	343,856	0.77
Total equities - Switzerland		2,939,049	6.60
Total equities - Europe		9,329,283	20.98
Equities - North America 49.87% (47.12%)			
Equities - Canada 0.00% (1.76%)		-	-
Equities - United States 49.87% (45.36%)			
Adobe	1,946	776,828	1.75
Align Technology	1,470	381,182	0.86
Alphabet 'A'	5,040	601,648	1.35
Alphabet 'C'	3,880	467,412	1.05
Amazon.com	9,728	1,387,987	3.13
American Tower	2,585	404,167	0.91
Amphenol	7,730	705,720	1.59
Automatic Data Processing	1,906	376,568	0.85
Avery Dennison	1,941	342,811	0.77
Bank of America	16,185	485,710	1.09
Broadridge Financial Solutions	4,416	715,439	1.61
Fiserv	6,850	865,489	1.95
Intuit	1,399	719,672	1.62
Intuitive Surgical	4,227	1,334,136	3.00
Laboratory of America Holdings	3,388	585,608	1.32
Marsh & McLennan	4,800	782,211	1.76
Mastercard	2,272	864,988	1.95
McDonald's	1,640	365,843	0.82
Microsoft	4,679	1,555,727	3.50
NIKE	10,195	758,300	1.71
NVIDIA	1,290	921,672	2.08
S&P Global	1,520	511,247	1.15
Stryker	2,430	687,671	1.55
Synopsys	1,608	726,346	1.64
Thermo Fisher Scientific	3,195	1,468,473	3.31
Tractor Supply	4,009	830,299	1.87
UnitedHealth Group	3,418	1,337,762	3.01
Visa	3,295	727,026	1.64
Zoetis	3,400	455,235	1.03
Total equities - United States		22,143,177	49.87

Portfolio statement (continued)

as at 31 March 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Equities (continued)			
Equities - Asia Pacific 2.51% (3.26%)			
Equities - Australia 0.83% (1.07%)			
BHP Group	16,195	368,436	0.83
Equities - Japan 0.00% (1.12%)		-	-
Equities - Taiwan 1.68% (1.07%)			
Taiwan Semiconductor Manufacturing ADR	6,927	745,862	1.68
Total equities - Asia Pacific		1,114,298	2.51
Total equities		38,417,625	86.49
Closed-Ended Funds - incorporated in the United Kingdom 0.00% (0.00%)			
Highbridge Tactical Credit Fund*	144,380	-	-
Offshore Collective Investment Schemes 1.77% (1.50%)			
Goldman Sachs Funds - Goldman Sachs India Equity Portfolio	28,450	784,651	1.77
Exchange Traded Commodities 0.75% (0.00%)			
WisdomTree Core Physical Gold	1,905	332,975	0.75
Portfolio of investments		43,443,160	97.82
Other net assets		966,850	2.18
Total net assets		44,410,010	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.

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.

* Highbridge Tactical Credit Fund: The fair value pricing committee determined a share price of £nil (2023: £0.0053) was appropriate after a delisting and liquidation announcement on 28 March 2019.

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 to some extent. 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 7 June 2024.

Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the Fund. It also discloses the operating charges and direct transaction costs applied to each share. 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
Income shares	p	p	p
Change in net assets per share			
Opening net asset value per share	165.45	171.71	162.42
Return before operating charges	28.90	(2.54)	11.66
Operating charges	(1.54)	(1.50)	(1.67)
Return after operating charges *	27.36	(4.04)	9.99
Distributions^	(2.79)	(2.22)	(0.70)
Closing net asset value per share	190.02	165.45	171.71
* after direct transaction costs of:	0.05	0.08	0.12
Performance			
Return after charges	16.54%	(2.35%)	6.15%
Other information			
Closing net asset value (£)	44,410,010	38,876,720	40,458,823
Closing number of shares	23,370,849	23,497,879	23,561,979
Operating charges^^	0.89%	0.93%	0.96%
Direct transaction costs	0.03%	0.05%	0.07%
Published prices			
Highest share price	190.8	171.1	185.3
Lowest share price	165.5	152.0	162.9

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

^ Rounded to 2 decimal places.

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

The OCF includes expenses incurred by underlying holdings of collective investment schemes in relation to the Fund (the synthetic 'OCF').

Financial statements - The Headspring Fund

Statement of total return
for the year ended 31 March 2024

	Notes	2024		2023	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		6,086,405		(1,138,606)
Revenue	3	767,295		591,213	
Expenses	4	(361,841)		(353,676)	
Net revenue before taxation		405,454		237,537	
Taxation	5	(65,878)		(54,003)	
Net revenue after taxation			339,576		183,534
Total return before distributions			6,425,981		(955,072)
Distributions	6		(655,405)		(521,670)
Change in net assets attributable to shareholders from investment activities			5,770,576		(1,476,742)

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

	2024		2023	
	£	£	£	£
Opening net assets attributable to shareholders		38,876,720		40,458,823
Amounts receivable on issue of shares	233,464		44,127	
Amounts payable on cancellation of shares	(470,750)		(149,488)	
		(237,286)		(105,361)
Change in net assets attributable to shareholders from investment activities		5,770,576		(1,476,742)
Closing net assets attributable to shareholders		44,410,010		38,876,720

Balance sheet
as at 31 March 2024

	Notes	2024	2023
		£	£
Assets:			
Fixed assets:			
Investments		43,443,160	37,834,387
Current assets:			
Debtors	7	129,824	114,957
Cash and bank balances	8	1,160,415	1,093,530
Total assets		44,733,399	39,042,874
Liabilities:			
Creditors:			
Distribution payable		(174,113)	(152,266)
Other creditors	9	(149,276)	(13,888)
Total liabilities		(323,389)	(166,154)
Net assets attributable to shareholders		44,410,010	38,876,720

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	752,325	542,228
Non-derivative securities - movement in unrealised gains / (losses)	5,334,241	(1,276,319)
Derivative contracts - realised gains	-	149,812
Derivative contracts - movement in unrealised losses	-	(232,087)
Currency gains / (losses)	2,401	(14,223)
Forward currency contracts losses	(1,541)	(314,245)
Compensation	20	7,334
Transaction charges	(1,041)	(1,106)
Total net capital gains / (losses)	6,086,405	(1,138,606)

3. Revenue

	2024	2023
	£	£
UK revenue	127,948	115,357
Unfranked revenue	-	4,544
Overseas revenue	421,509	410,459
Interest on debt securities	164,500	43,598
Bank and deposit interest	53,338	17,255
Total revenue	767,295	591,213

4. Expenses

	2024	2023
	£	£
Payable to the ACD and associates		
Annual management charge*	508,819	474,985
Annual management charge rebate*	(193,200)	(180,613)
	315,619	294,372
Payable to the Depositary		
Depositary fees	13,433	12,540
Other expenses:		
Audit fee	8,700	7,284
Non-executive directors' fees	1,612	1,560
Safe custody fees	1,012	916
Bank interest	22	385
FCA fee	243	396
KIID production fee	458	482
Administration fee	20,742	35,741
	32,789	46,764
Total expenses	361,841	353,676

* The annual management charge is 1.25% and includes the ACD's periodic charge and the Investment Managers' fees.

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

Notes to the financial statements (continued)

for the year ended 31 March 2024

5. Taxation

	2024	2023
	£	£
a. Analysis of the tax charge for the year		
Overseas tax withheld	65,878	54,001
Irrecoverable income tax	-	2
Total taxation (note 5b)	65,878	54,003

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2023: higher) 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	405,454	237,537
Corporation tax @ 20%	81,091	47,507
Effects of:		
UK revenue	(25,590)	(23,071)
Overseas revenue	(82,041)	(79,721)
Overseas tax withheld	65,878	54,001
Excess management expenses	26,540	55,285
Movement in income tax recoverable	-	2
Total taxation (note 5a)	65,878	54,003

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 £459,775 (2023: £433,235).

6. Distributions

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

	2024	2023
	£	£
Quarter 1 income distribution	212,412	127,803
Interim income distribution	145,345	154,331
Quarter 3 income distribution	123,285	87,177
Final income distribution	174,113	152,266
	655,155	521,577
Equalisation:		
Amounts deducted on cancellation of shares	849	154
Amounts added on issue of shares	(599)	(61)
Total net distributions	655,405	521,670

Notes to the financial statements (continued)

for the year ended 31 March 2024

6. Distributions (continued)

Reconciliation between net revenue and distributions:

	2024	2023
	£	£
Net revenue after taxation per Statement of total return	339,576	183,534
Undistributed revenue brought forward	15	233
Expenses paid from capital	361,818	353,291
Marginal tax relief	(45,824)	(15,373)
Undistributed revenue carried forward	(180)	(15)
Distributions	655,405	521,670

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

7. Debtors

	2024	2023
	£	£
Accrued revenue	110,944	99,008
Recoverable overseas withholding tax	1,208	633
	112,152	99,641
Payable from the ACD and associates		
Annual management charge rebate	17,672	15,316
Total debtors	129,824	114,957

8. Cash and bank balances

	2024	2023
	£	£
Total cash and bank balances	1,160,415	1,093,530

9. Other creditors

	2024	2023
	£	£
Purchases awaiting settlement	124,435	-
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	4,569	-
Other expenses:		
Depositary fees	121	-
Safe custody fees	500	235
Audit fee	8,700	7,560
Non-executive directors' fees	345	1,156
KIID production fee	83	125
Administration fee	10,452	4,663
Transaction charges	71	149
	20,272	13,888
Total accrued expenses	24,841	13,888
Total other creditors	149,276	13,888

Notes to the financial statements (continued)

for the year ended 31 March 2024

10. Commitments and contingent liabilities

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

11. Share classes

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

	Income shares
Opening shares in issue	23,497,879
Total shares issued in the year	136,400
Total shares cancelled in the year	(263,430)
Closing shares in issue	23,370,849

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

12. Related party transactions

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

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

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

The Investment Manager, Evelyn Partners Investment Management Limited LLP is a related party to the ACD as they are within the same corporate body.

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per income share has increased from 190.0p to 192.4p as at 17 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.

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

	Purchases before transaction costs	Commission		Taxes		Financial transaction tax		Purchases after transaction costs
2024	£	£	%	£	%	£	%	£
Equities	5,025,453	2,520	0.05%	4,388	0.09%	-	-	5,032,361
Closed-Ended Funds	303,444	121	0.04%	-	-	-	-	303,565
Bonds	1,373,787	350	0.03%	-	-	-	-	1,374,137
Total	6,702,684	2,991	0.12%	4,388	0.09%	-	-	6,710,063

14. Transaction costs (continued)

a Direct transaction costs (continued)

2023	Purchases before transaction costs	Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£
Equities	7,727,923	4,805	0.06%	5,731	0.07%	1,325	0.02%	7,739,784
Bonds	3,366,562	498	0.01%	-	-	-	-	3,367,060
Total	11,094,485	5,303	0.07%	5,731	0.07%	1,325	0.02%	11,106,844

2024	Sales before transaction costs	Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£
Equities	6,340,290	(3,551)	0.06%	(590)	0.01%	-	-	6,336,149
Bonds	854,066	(159)	0.02%	-	-	-	-	853,907
Total	7,194,356	(3,710)	0.08%	(590)	0.01%	-	-	7,190,056

2023	Sales before transaction costs	Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£
Equities	6,988,906	(5,095)	0.07%	(335)	0.00%	-	-	6,983,476
Collective Investment Schemes	2,003,678	(234)	0.01%	-	-	-	-	2,003,444
Exchange Traded Commodities	427,078	(171)	0.04%	-	-	-	-	426,907
Structured Products	948,098	(332)	0.04%	-	-	-	-	947,766
Total	10,367,760	(5,832)	0.16%	(335)	0.00%	-	-	10,361,593

Capital events amount of £8,523 (2023: £9,807) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

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	6,701	0.02%
Taxes	4,978	0.01%

2023	£	% of average net asset value
Commission	11,135	0.03%
Taxes	6,066	0.02%
Financial transaction tax	1,325	0.00%

14. Transaction costs (continued)

b Average portfolio dealing spread

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

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

15. Risk management policies

In pursuing the Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD 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 ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

a Market risk

Market risk is the risk that the value of the 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, collective investment schemes and exchange traded commodities.

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 ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the 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 shareholders of the Fund would increase or decrease by approximately £1,976,763 (2023: £1,725,663).

(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:

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2024	£	£	£
Euro	4,919,525	648	4,920,173
Swiss franc	1,684,128	-	1,684,128
US dollar	24,916,165	(106,014)	24,810,151
Total foreign currency exposure	31,519,818	(105,366)	31,414,452

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 (continued)

2023	Financial instruments and cash holdings £	Net debtors and creditors £	Total net foreign currency exposure £
Canadian dollar	683,919	-	683,919
Danish krone	209,906	-	209,906
Euro	4,899,806	633	4,900,439
Hong Kong dollar	525,636	-	525,636
Japanese yen	433,796	-	433,796
Swiss franc	2,570,125	-	2,570,125
US dollar	19,051,602	22,249	19,073,851
Total foreign currency exposure	28,374,790	22,882	28,397,672

At 31 March 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the Fund would increase or decrease by approximately £1,570,723 (2023: £1,419,884).

(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 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.

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

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

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 £
Euro	-	-	4,920,173	-	4,920,173
Swiss franc	-	-	1,684,128	-	1,684,128
UK sterling	1,606,338	3,461,986	8,126,188	(198,954)	12,995,558
US dollar	-	-	24,934,586	(124,435)	24,810,151
	1,606,338	3,461,986	39,665,075	(323,389)	44,410,010

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)

2023	Variable rate financial assets £	Fixed rate financial assets £	Non-interest bearing financial assets £	Non-interest bearing financial liabilities £	Total £
Canadian dollar	-	-	683,919	-	683,919
Danish krone	-	-	209,906	-	209,906
Euro	341	-	4,900,098	-	4,900,439
Hong Kong dollar	-	-	525,636	-	525,636
Japanese yen	-	-	433,796	-	433,796
Swiss franc	-	-	2,570,125	-	2,570,125
UK sterling	1,093,189	3,321,131	6,230,882	(166,154)	10,479,048
US dollar	-	-	19,073,851	-	19,073,851
	1,093,530	3,321,131	34,628,213	(166,154)	38,876,720

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

The equity markets of emerging countries tend to be more volatile than the more developed markets of the world. Standards of disclosure and accounting regimes may not always fully comply with international criteria, and can make it difficult to establish accurate estimates of fundamental value. The dearth of accurate and meaningful information, and inefficiencies in its distribution, can leave emerging markets prone to sudden and unpredictable changes in sentiment. The resultant investment flows can trigger significant volatility in these relatively small and illiquid markets. At the same time, this lack of liquidity, together with low dealing volumes, can restrict the ACD's ability to execute substantial deals.

To reduce liquidity risk the ACD 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.

d Fair value of financial assets and financial liabilities

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

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the 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	39,041,267	-
Observable market data	4,401,893	-
Unobservable data*	-	-
	43,443,160	-

Basis of valuation	Investment assets 2023 £	Investment liabilities 2023 £
Quoted prices	33,928,976	-
Observable market data	3,904,641	-
Unobservable data*	770	-
	37,834,387	-

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

Highbridge Tactical Credit Fund: The fair value pricing committee determined a share price of £nil (2023: £0.0053) was appropriate after a delisting and liquidation announcement on 28 March 2019.

15. Risk management policies (continued)

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

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 ACD 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 ACD 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 ACD with particular attention paid to the carrying value of the investments.

e Assets subject to special arrangements arising from their illiquid nature

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

	2024	2023
	% of the total net asset value	% of the total net asset value
Highbridge Tactical Credit Fund	0.00%	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 ACD 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.

(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 Depositary.

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

There have been no leveraging arrangements in the year.

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 there is no global exposure to derivatives.

There have been no collateral arrangements in the year.

Distribution table

for the year ended 31 March 2024

Quarter 1 distribution in pence per share

Group 1 - Shares purchased before 1 April 2023

Group 2 - Shares purchased 1 April 2023 to 30 June 2023

	Net revenue	Equalisation	Total distribution 31 August 2023	Total distribution 31 August 2022
Income				
Group 1	0.904	-	0.904	0.542
Group 2	-	0.904	0.904	0.542

Interim distribution in pence per share

Group 1 - Shares purchased before 1 July 2023

Group 2 - Shares purchased 1 July 2023 to 30 September 2023

	Net revenue	Equalisation	Total distribution 30 November 2023	Total distribution 30 November 2022
Income				
Group 1	0.615	-	0.615	0.655
Group 2	0.177	0.438	0.615	0.655

Quarter 3 distribution in pence per share

Group 1 - Shares purchased before 1 October 2023

Group 2 - Shares purchased 1 October 2023 to 31 December 2023

	Net revenue	Equalisation	Total distribution 29 February 2024	Total distribution 28 February 2023
Income				
Group 1	0.525	-	0.525	0.371
Group 2	0.525	-	0.525	0.371

Final distribution in pence per share

Group 1 - Shares purchased before 1 January 2024

Group 2 - Shares purchased 1 January 2024 to 31 March 2024

	Net revenue	Equalisation	Total distribution 31 May 2024	Total distribution 31 May 2023
Income				
Group 1	0.745	-	0.745	0.648
Group 2	0.012	0.733	0.745	0.648

Equalisation

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

Evelyn Partners Group Limited 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 31 December 2023 for senior management and other MRTs detailed below has not been apportioned.

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

Investment Managers

The ACD delegates the management of the Company's portfolio of assets to Evelyn Partners Investment Management LLP and Meridiem Investment Management Limited and pays the Investment Managers, out of the annual management charge, a monthly fee calculated on the total value of the portfolio of investments at the month end. The Investment Managers are compliant with the Capital Requirements Directive regarding remuneration and their staff are covered by remuneration regulatory requirements.

Further information

Distributions and reporting dates

Where net revenue is available it will be distributed quarterly on 31 May (final), 31 August (quarter 1), 30 November (interim) and the last day of February (quarter 3). In the event of a distribution, shareholders will receive a tax voucher.

XD dates:	1 April	final
	1 July	quarter 1
	1 October	interim
	1 January	quarter 3
Reporting dates:	31 March	annual
	30 September	interim

Buying and selling shares

The property of the Fund is valued at 10pm on the 15th day and the last business day of the month except where the 15th is not a business day then it shall be the next business day there after, with the exception of any bank holiday in England and Wales or the last business day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and depositary, and prices of shares are calculated as at that time. Share dealing is on a forward basis i.e. investors can buy and sell shares at the next valuation point following receipt of the order.

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

Benchmark

Shareholders may compare the performance of the Fund against the ARC Equity Risk PCI.

Comparison of the Fund's performance against this benchmark will give shareholders an indication of how the Fund is performing against an index based on the real performance numbers delivered to discretionary private clients by participating Investment Managers.

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

Appointments

ACD and Registered office

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

Administrator and Registrar

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

Directors of the ACD

Andrew Baddeley
Brian McLean
Mayank Prakash
Neil Coxhead

Independent Non-Executive Directors of the ACD

Dean Buckley
Linda Robinson
Victoria Muir
Sally Macdonald

Non-Executive Directors of the ACD

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

Investment Managers

Evelyn Partners Investment Management LLP
45 Gresham Street
London EC2V 7BG
Authorised and regulated by the Financial Conduct Authority

Meridiem Investment Management Limited (previously Veritas Investment Partners (UK) Limited)
Riverside House
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Depositary

NatWest Trustee and Depositary Services Limited
House A, Floor 0
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175 Glasgow Road
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Auditor

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