



# Ninety One Funds Series ii Annual Report and Audited Financial Statements

For the year ended 31 December 2023



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\*The above information collectively forms the Authorised Corporate Director's Report

# American Franchise Fund

## Summary of the Fund's investment objective and policy

The Fund aims to provide capital growth (to grow the value of your investment) over at least 5 years.

The Fund invests primarily (at least two-thirds) in the shares of USA companies (those incorporated in, domiciled in, or that have significant economic exposure to, the USA) and in related derivatives (financial contracts whose value is linked to the price of the shares of such USA companies).

The Fund focuses on investing in companies believed to be of high quality, which are typically associated with strong brands or franchises.

Investment opportunities are identified using in-depth analysis and research on individual companies.

The Fund may at times invest in a relatively small number of companies. These companies may be of any size and in any industry sector.

The Fund may also invest in other transferable securities, money market instruments, cash or near cash, deposits, up to 10% in units or shares in other funds (which may be managed by a Ninety One group company, or a third party) and derivatives.

The Fund is actively managed. This means the Investment Manager is free to select investments with the aim of achieving the Fund's objectives. The S&P 500 Net Return Index is used for performance comparison. The Fund does not seek to replicate the index.

The Investment Association North America Sector (a peer group of broadly similar funds) average is an additional measure by which you can compare the Fund's performance.

## Performance record

	12 months (%)
American Franchise Fund 'I' accumulation shares	25.37*
Performance comparison index	18.58**
Peer group sector average	16.55**

Past performance is not a reliable indicator of future results, losses may be made.

## American Franchise Fund (continued)

### Performance

The Fund outperformed both its benchmark and peer group sector average during the period under review.

### Factors helping performance

Exposure to a number of IT and communication services names was the biggest driver of alpha at the sector level. Software companies Adobe and NVIDIA were the biggest individual outperformers following the latter's outlook for demand for its cutting-edge artificial intelligence chips. Meta was another outperformer amid robust results and its perceived edge in the AI space, while Booking Holdings benefited from the recovery in travel, most recently demonstrated by its quarterly earnings, which beat consensus expectations. Intuit was another tech stock that outperformed, underpinned by strength in the QuickBooks division, and an encouraging outlook for 2024.

### Factors hindering performance

More negatively, Charles Schwab was caught up in the concerns around Silicon Valley Bank and First Republic early on in the review period, although flows have remained strong. In December, the firm reported core net inflows of US\$21.7 billion, up 12% on the prior year. Verisign flagged some weakness in China, while medical technology firm Becton Dickinson slipped back after its solid Q4 performance was overshadowed by guidance for 2024 that missed consensus estimates due to FX headwinds. Positively, Becton Dickinson's operating margins for the full year landed at 23.5%, within relative touching distance of the 25% by 2025 target.

HR outsourcing provider Automatic Data Processing detracted after fiscal Q1 results were hampered by the worsening macro backdrop, prompting it to downgrade its sales growth outlook for professional employer organization (PEO) services. Positively, the company reaffirmed its group-level 2024 revenue and profit guidance. Drinks company Diageo detracted after forecasting that H1 organic operating profit growth would decline compared with last year, primarily due to declining net sales in Latin America but as the region provides less than 13% of group profits that seems to imply the decline will not significantly impact group level profits.

We remain holders of all the detractors for the reasons given above.

### Portfolio activity

#### Significant purchases

Zoetis, Idexx Laboratories, Automatic Data Processing, West Pharmaceutical (all additions to existing holdings following recent share price weakness).

Holdings in Schwab, Agilent, Monster, Texas Instruments were all added to following the disposal of the holding in Starbucks – see below.

Diageo was a new position. While some near-term headwinds exist, notably a weak outlook for US volumes, the valuation of this enduring franchise appeared attractive at the point of entry, and seemingly even if macro conditions were to deteriorate.

#### Significant Sales

Adobe, Cadence, Tradeweb Markets (all trims following recent strength).

Starbucks was exited on a weakening investment case, especially its China exposure, which has weighed on the company's overall results.

## American Franchise Fund (continued)

### Outlook

As we begin the new year, many developed economies have proved more resilient than expected and, thanks to a strong final quarter, global equity markets ended 2023 near their all-time highs. However, the outlook remains uncertain. Despite closing strongly, the path was bumpy, with markets demonstrating that they remain susceptible to short-term shocks, ranging from China's property crisis, volatile commodity prices, turmoil in bond markets and tensions in the Middle East. The picture is also unclear over the longer term. Although headline figures have eased, inflation remains significantly higher than it has been over the past decade, and this will present a headwind for more leveraged businesses.

Against this backdrop, we believe that investors will reward robust business fundamentals. As the economic outlook remains uncertain, quality companies' earnings and cash flows should prove to be more resilient, offering portfolios a less volatile outcome. Encouragingly, many shares in the quality space have risen to the extent to which the free cash flows have grown. In the long run, it is very difficult for shares to go contrary to the direction of the underlying intrinsic value driver, notably long-term earnings and free cash flow delivery, particularly when combined with a reasonable starting valuation.

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\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation (acc) share class, net of fees in GBP.

\*\*Benchmark (S&P 500 NDR Index) and peer group sector average (Investment Association North America sector) shown for performance comparison purposes only.

The opinions expressed herein are as at end of December 2023.

## American Franchise Fund (continued)

### Risk and Reward profile\*



This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk and reward category shown is not guaranteed to remain unchanged and may shift over time. The lowest category does not mean 'risk free'.

The value of your investment and any income from it can fall as well as rise and you are not certain of making profits; losses may be made.

Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of the investments made by the Fund.

The Fund appears towards the higher end of the Risk and Reward Indicator scale. This is because the Fund invests in the shares of companies, whose values tend to fluctuate widely.

#### **The following risks may not be fully captured by the Risk and Reward Indicator:**

**Concentrated portfolio:** The portfolio invests in a relatively small number of individual holdings. This may mean wider fluctuations in value than more broadly invested portfolios.

**Currency exchange:** Changes in the relative values of different currencies may adversely affect the value of investments and any related income.

**Derivatives:** The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

**Equity investment:** The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

**Geographic / Sector:** Investments may be primarily concentrated in specific countries, geographical regions and/or industry sectors. This may mean that the resulting value may decrease whilst portfolios more broadly invested might grow.

**Style Bias:** The use of a specific investment style or philosophy can result in particular portfolio characteristics that are different to more broadly invested portfolios. These differences may mean that, in certain market conditions, the value of the portfolio may decrease while more broadly invested portfolios might grow.

\*The Risk and Reward profile is taken from the Key Investor Information Document. Please note that, the Risk and Reward profile section is based on Sterling 'I' Class Accumulation shares.

The full list of the Fund's risks are contained in Appendix VI of the Ninety One Funds Series Omnibus prospectus.

# Asia Pacific Franchise Fund

## Summary of the Fund's investment objective and policy

The Fund aims to provide capital growth (to grow the value of your investment) over at least 5 years.

The Fund invests primarily (at least two-thirds) in the shares and in related derivatives (financial contracts whose value is linked to the price of such shares) of Asia Pacific ex Japan companies (those incorporated in, domiciled in, or that have significant economic exposure to Asia Pacific excluding Japan).

The Asia Pacific region, excluding Japan includes Australia, Hong Kong, Singapore, Malaysia, Thailand, Taiwan, South Korea, the Philippines, Indonesia, China, India, New Zealand and Vietnam.

The Fund focuses on investing in companies believed to be of high quality which are typically associated with strong brands or franchises.

Investment opportunities are identified using in-depth analysis and research on individual companies.

The Fund may at times invest in a relatively small number of companies. These companies may be of any size and in any industry sector.

The Fund may also invest in other transferable securities, money market instruments, cash or near cash, deposits, up to 10% in units or shares in other funds (which may be managed by a Ninety One group company, or a third party) and derivatives. Derivatives (financial contracts whose value is linked to the price of an underlying asset) may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

The Fund is actively managed. This means the Investment Manager is free to select investments with the aim of achieving the Fund's objectives. The MSCI AC Asia Pacific ex Japan Net Return Index is used for performance comparison. The Fund does not seek to replicate the index.

The Investment Association Asia Pacific excluding Japan Sector (a peer group of broadly similar funds) average is an additional measure by which you can compare the Fund's performance.

## Performance record

	12 months (%)
Asia Pacific Franchise Fund 'I' accumulation shares	(3.79)*
Performance comparison index	1.31**
Peer group sector average	(0.94)**

Past performance is not a reliable indicator of future results, losses may be made.

## Asia Pacific Franchise Fund (continued)

### Performance

The Fund underperformed both its benchmark and peer group sector average during the period under review.

### Factors hindering performance

Performance within the Asia Pacific region continued to be negatively impacted by China. Two stocks in particular contributed to the underperformance, being Glodon and Tigermed. Glodon, which supplies software to the construction industry, was weighed down by weakness in the Chinese property market whilst Tigermed's recent results demonstrated the difficulty in conducting clinical trials during China's strict lockdowns and a slower-than-expected return to normal activity in the space. We remain holders of Glodon, which should benefit from an uplift in the property market, but sold out of Tigermed to invest in higher conviction ideas.

Insurer AIA detracted on little specific news. Positively, the company posted strong 1H23 results driven by growth across all key markets, in particular AIA HK, which saw a strong rebound from mainland Chinese visitors seeking travel insurance as the border reopened. Gaming company Tencent was a laggard, following proposed new measures to further curb the amount of time and money spent on online gaming in China. While clearly a setback for the stock, we would note that the proposals were announced in a consultation paper and are not a final set of rules and regulations. We remain holders of both AIA and Tencent. Finally, Fuling Zhacai was held back by the broader staples sector being out of favour over the year and we have exited this holding.

### Factors helping performance

More positively, gaming company NetEase was the standout driver of alpha given the normalizing of the gaming industry, and we sold the holding before its challenging December when proposed new regulations weighed on the sector. Gaming operator Aristocrat Leisure contributed, with results benefiting from strength in its North America division and being active in the M&A space over the period, announcing the purchase of the iLottery and iGaming solutions and services company NeoGames.

NVIDIA, TSMC and Samsung Electronics benefitted from the positive sentiment around artificial intelligence, with NVIDIA getting the ball rolling in March following its expectations-beating outlook for its cutting-edge artificial intelligence chips. Taiwanese chip maker TSMC maintained its capex guidance of US\$32bn to US\$36bn given the structural tailwinds and reiterated its capacity planning is based on long-term customer demand. Such capex investment will also position TSMC to maintain its competitive advantages and retain its technological leadership. Samsung Electronics contributed after its robust Q3 results, and management's encouraging comments that a recovery in most of its markets was taking hold.

### Portfolio activity

Please reference the Outlook section below.

### Outlook

The Portfolio Manager of the Fund changed as of 10 November 2023, with Juliana Hansveden, Portfolio Manager of the Ninety One Emerging Markets Sustainable Equity Strategy (EMSE), becoming the new named Portfolio Manager.



### Asia Pacific Franchise Fund (continued)

There is already a high degree of commonality between the Fund and the new Portfolio Manager's existing Fund strategy, given that both take a long-term high conviction approach to identifying companies from the bottom-up with competitive advantages, sustainable returns, and strong balance sheets. At the time of the transition, there was 80% commonality from a geographical perspective and 43% from a name weighted basis, whilst both exhibited a quality growth style tilt.

Juliana has a greater sustainability focus embedded within her process and we are reviewing the potential benefits of greater alignment to her sustainable viewpoint as well as her emerging market focus, whilst continuing to manage the fund in accordance with the existing Fund OEIC investment policy and objectives.

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\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation share class, net of fees in GBP.

\*\*Benchmark (MSCI\*\*\* AC Asia Pacific ex Japan NDR Index and peer group sector average (Investment Association Asia Pacific ex Japan sector) shown for performance comparison purposes only.

\*\*\*Source: MSCI. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by, Ninety One UK Limited. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties 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.

The opinions expressed herein are as at end of December 2023.

## Asia Pacific Franchise Fund (continued)

### Risk and Reward profile\*



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The value of your investment and any income from it can fall as well as rise and you are not certain of making profits; losses may be made.

Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of the investments made by the Fund.

The Fund appears towards the higher end of the Risk and Reward Indicator scale. This is because the Fund invests in the shares of companies, whose values tend to fluctuate widely.

#### The following risks may not be fully captured by the Risk and Reward Indicator:

**Concentrated portfolio:** The portfolio invests in a relatively small number of individual holdings. This may mean wider fluctuations in value than more broadly invested portfolios.

**Currency exchange:** Changes in the relative values of different currencies may adversely affect the value of investments and any related income.

**Derivatives:** The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

**Emerging market:** These markets carry a higher risk of financial loss than more developed markets as they may have less developed legal, political, economic or other systems.

**Equity investment:** The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

**Geographic / Sector:** Investments may be primarily concentrated in specific countries, geographical regions and/or industry sectors. This may mean that, in certain market conditions, the value of the portfolio may decrease whilst more broadly-invested portfolios might grow.

**Style Bias:** The use of a specific investment style or philosophy can result in particular portfolio characteristics that are different to more broadly invested portfolios. These differences may mean that, in certain market conditions, the value of the portfolio may decrease while more broadly invested portfolios might grow.

\*The Risk and Reward profile is taken from the Key Investor Information Document. Please note that, the Risk and Reward profile section is based on Sterling 'I' Class Accumulation shares.

The full list of the Fund's risks are contained in Appendix VI of the Ninety One Funds Series Omnibus prospectus.

# Global Strategic Equity Fund

## Summary of the Fund's investment objective and policy

The Fund aims to provide capital growth (to grow the value of your investment) over at least 5 years.

The Fund invests primarily (at least two-thirds) in the shares of companies around the world and in related derivatives (financial contracts whose value is linked to the price of the shares of such companies).

The Fund focuses on investing in companies expected to become more profitable due to operational and/or structural improvements.

Investment opportunities are identified using in-depth analysis and research on individual companies.

These companies may be of any size and in any industry sector.

The Fund may also invest in other transferable securities, money market instruments, cash or near cash, deposits, up to 10% in units or shares in other funds (which may be managed by a Ninety One group company, or a third party) and derivatives. Derivatives (financial contracts whose value is linked to the price of an underlying asset) may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

The Fund is actively managed. This means the Investment Manager is free to select investments with the aim of achieving the Fund's objectives. The MSCI AC World Net Return Index is used for performance comparison and risk management. The Fund does not seek to replicate the index.

The Investment Association Global Sector (a peer group of broadly similar funds) average is an additional measure by which you can compare the Fund's performance.

## Performance record

	12 months (%)
Global Strategic Equity Fund 'I' accumulation shares	16.35*
Performance comparison index	15.31**
Peer group sector average	12.66**

Past performance is not a reliable indicator of future results, losses may be made.

## Global Strategic Equity Fund (continued)

### Performance

The Fund delivered a positive return during the period under review, and it outperformed both its benchmark and peer group sector average.

### Factors helping performance

Asset allocation was positive and stock selection neutral for the Fund. Stock selection in the technology sector was the leading positive, with semiconductor business NVIDIA the top stock contributor over the last twelve months. The market's enthusiasm for anything associated with artificial intelligence helped a number of technology stocks, including Broadcom, Lam Research, Microsoft and Mediatek.

Luxury car maker Ferrari had a good year, with the launch of a new model particularly well received by the market. Stock selection in financials was also helpful, with Italian bank UniCredit among the top performers. The higher interest rate environment was a broadly supportive environment for high quality banks. In materials, copper miner Grupo Mexico contributed positively, in line with rising commodity prices.

### Factors hindering performance

Less cyclically sensitive stocks tended to lag the strong market, so consumer business Unilever held back relative performance. We continue to hold, seeing the short-term negativity on staples more broadly as transitory, and largely a result of higher interest rates, which have possibly peaked, with the US Federal Reserve confirming its intention to cut in 2024. The single largest stock detractor was not owning Meta (the owner of Facebook), and not owning Tesla also held back performance. Neither Meta or Tesla meets our investment criteria and we continue to not own them in the Fund.

Australian lithium producer Igo put in a disappointing performance as concerns grew over new supply from China depressing the market so we have exited the shares. Diversified miner Anglo American which sold off after it lowered production targets but looks well placed to potentially benefit from any meaningful recovery in the Chinese economy so we continue to hold. Weak oil prices resulted in poor performance from US oil giant Exxon Mobil. but we remain invested as Exxon appears to be the best in class.

### Portfolio activity

#### Significant purchases

Intercontinental Exchange, Inc.: Financial Services. Intercontinental is a prominent player in the global market, operating exchanges, electronic OTC markets, and clearing houses. It also offers data services to both commodity and financial markets. The investment case stands out due to its track record of leading the way in the transition from analogue to digital, developing electronic trading solutions in previously unexplored domains. There is a compelling earnings growth narrative fuelled by both long-term trends and short-term market dynamics, and the current valuation is lower compared to similar companies.

Kweichow Moutai Co., Ltd. Class A: Food Beverage & Tobacco. Kweichow Moutai is the top spirits company in China and holds a strong position in the baijiu market. The Feitian label of Moutai is highly regarded and has garnered significant cultural support. With impressive price margins and returns, this sector is truly leading the way. In addition, there is a high demand for the product, resulting in retail prices that are approximately three times higher than the ex-factory price. This gives the distributors a larger portion of the value chain, creating an imbalance. By strategically expanding its sales channels, the company can maximise its profits by capitalising on the price difference and avoiding reliance on a shrinking distributor network.

## Global Strategic Equity Fund (continued)

### Significant Sales

Air Products and Chemicals, Inc.: Materials. We exited the shares as the valuation was approaching our interpretation of fair value. Furthermore, future risks to earnings remain and uncertainty was starting to build over its longer-term hydrogen projects.

LG Energy Solution Ltd.: Capital Goods. LG Energy is a leading pure play on EV batteries, and it was becoming clearer that earnings expectations were starting to deteriorate. VW, one of its key customers, was cutting production of its ID3 and ID4 EV models and US production was being impacted by the labour strikes at General Motors. We are also concerned that the company's operating leverage is higher than the current consensus. This means any prolonged disruption to production could have a larger impact to profitability in the short term.

Sony Group Corporation: Consumer Durables & Apparel. Earnings risk mounting in both PlayStation 5 forecasts, with unfavourable game-release sequencing and complacent consensus around consumption trends, as well as in film. Our conviction has diminished.

### Outlook

As we enter 2024, the lagged effect of a shift in monetary policies around the world is starting to impact, with rapidly falling inflation now a feature across much of the developed world. The steepest interest rate hiking cycle in decades has set global economic activity on a course that is difficult to predict, making it particularly important that we build robust diversified portfolios to withstand a range of possible outcomes. After strong growth through 2023, we are expecting a higher probability of stagnation or potential contraction in economic growth in the coming year, with the market fixated on the pace of eventual rate cuts as central banks respond. We believe upside risks to inflation and downside risks to growth have become more symmetrical. However, recession risks remain elevated, in our view, due to stagnant supply and demand growth across developed markets. After a rally across many financial markets in late 2023, riskier assets appear priced for no imminent recession, which is a concern, so we expect a volatile ride during 2024. That said, if we witness a resilient consumer in the face of only a modest uplift in unemployment, as well as signs of productivity gains at corporates who have so far proven remarkably good at adapting to new regimes, we could see further positive progress in markets this year.

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\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation share class, net of fees in GBP.

\*\*Benchmark (MSCI\*\*\* All Countries World NDR Index) and peer group sector average (Investment Association Global sector) shown for performance comparison purposes only.

\*\*\*Source: MSCI. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by, Ninety One UK Limited. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties 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.

The opinions expressed herein are as at end of December 2023.

## Global Strategic Equity Fund (continued)

### Risk and Reward profile\*



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The value of your investment and any income from it can fall as well as rise and you are not certain of making profits; losses may be made.

Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of the investments made by the Fund.

The Fund appears towards the higher end of the Risk and Reward Indicator scale. This is because the Fund invests in the shares of companies, whose values tend to fluctuate widely.

#### **The following risks may not be fully captured by the Risk and Reward Indicator:**

**Currency exchange:** Changes in the relative values of different currencies may adversely affect the value of investments and any related income.

**Derivatives:** The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

**Emerging market:** These markets carry a higher risk of financial loss than more developed markets as they may have less developed legal, political, economic or other systems.

**Equity investment:** The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

\*The Risk and Reward profile is taken from the Key Investor Information Document. Please note that, the Risk and Reward profile section is based on Sterling 'I' Class Accumulation shares.  
The full list of the Fund's risks are contained in Appendix VI of the Ninety One Funds Series Omnibus prospectus.

# Global Total Return Credit Fund

## **Summary of the Fund's investment objective and policy**

The Fund aims to provide total returns comprised of income and capital growth (to grow the value of your investment) over at least a full credit cycle (this objective may be measured over at least 5 years).

The Fund targets a positive return of Overnight SONIA +4% before fees over a full credit cycle (which may be measured over 5-year rolling periods).

While the Fund aims to achieve a positive return and its performance target, there is no guarantee that either will be achieved over the full credit cycle, or over any period of time, and there is a risk of loss.

A credit cycle means the economic conditions over which the cost of borrowing initially increases, then decreases and then stabilises. Credit cycles can vary in length and typically last between 3 and 7 years.

The Fund invests primarily (at least two-thirds) in bonds (or similar debt based assets) issued by borrowers around the world (including but not limited to emerging markets) and in related derivatives (financial contracts whose value is linked to the price of such bonds (or similar debt-based assets)).

These bonds (or similar debt-based assets) may be denominated in any currency, have any credit rating or be unrated, and may be issued by any borrower e.g. governments or companies. They may also have a fixed or floating rate and/or coupon, and may be of any duration (measures the sensitivity of the value of bonds (or similar debt-based assets) to change in interest rates).

The Fund may invest up to 20% of its assets in structured credit instruments (assets whose value and level of income payments depend on the underlying assets held by/for the business that issues them).

The Fund may also invest in other transferable securities, money market instruments, cash or near cash, deposits, up to 10% in units or shares in other funds (which may be managed by a Ninety One group company, or a third party) and derivatives.

Derivatives (financial contracts whose value is linked to the price of an underlying asset) may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

The Fund is actively managed. This means the Investment Manager is free to select investments with the aim of achieving the Fund's objectives.

The Fund cannot replicate the target benchmark index. The benchmark index is not investable and therefore cannot be replicated.

The Investment Association £ Strategic Bond Sector (a peer group of broadly similar funds) average is an additional measure by which you can compare the Fund's performance.

## Global Total Return Credit Fund (continued)

### Performance record

	12 months (%)
Global Total Return Credit Fund 'I' accumulation shares	9.14*
Performance comparison index	8.79**
Peer group sector average	8.01**

Past performance is not a reliable indicator of future results, losses may be made.

### Total deemed income distributions per 'I' accumulation shares

12 Months to 31 December 2023	5.82 pence
12 Months to 31 December 2022	4.42 pence

### Performance

The Fund outperformed its comparative cash benchmark and its sector peer group during the period under review.

Below we have commented on benchmark-relative performance for the 12-month period. However, it is important to highlight that the Fund aims to outperform the benchmark over an entire credit cycle (typically 5-7 years long) rather than on a single year basis; strategy returns for individual years can diverge significantly from the cash+ target benchmark, which does not take into consideration the prevailing credit environment.

### Factors helping performance

The Fund's exposure to the short-duration high-yield credit market featured at the top of the performance table, thanks to a combination of credit-spread tightening (boosting bond prices) and attractive yields.

Exposure to structured credit (collateralised loan obligations, or CLOs\*) was also a key contributor to performance. The asset class benefited from its floating interest-rate structure, protecting investors from the rise in rates over much of 2023. In addition, constrained new issue volumes kept demand levels above supply, providing a tailwind for the underlying loans that are packaged up into CLOs. The market also continued to recover from the weakness seen at the end of 2022, following the UK mini budget.

US and European investment-grade rated bonds helped the Fund. The investment-grade debt market benefited from its high sensitivity to rates markets over the fourth quarter when US and European government bonds experienced a significant rally.

\*Collateralised loan obligations are bonds that are backed by pools of (typically sub-investment grade) corporate loans. Several bonds of varying risk and return characteristics are usually issued against each pool of loans. Lower-risk, 'senior' tranches have higher priority claims on the cash flows from the loans but offer a lower yield than the lower-rated 'junior' tranches, which are the first to suffer losses if the underlying loans underperform.



## Global Total Return Credit Fund (continued)

### Factors hindering performance

The only notable detractor from returns from an asset class perspective was exposure to emerging market high-yield bond issuers. Despite the Fund's limited exposure to this area of the market, a combination of weak market sentiment early in the period and then pressure on real estate issuers in Eastern Europe and Asia (especially China) drove underperformance. This meant that looking at the Fund's performance through a sector lens, the real estate sector was the principal detractor, given the challenges facing the sector.

### Portfolio activity

The general theme that we implemented for much of 2023 was to skew the Fund towards higher quality market segments and to reduce risk in areas where credit spreads have continued to compress (i.e., become more expensive).

### Significant purchases

The reduction in exposure to certain areas of the market allowed us to continue to increase the Fund's structured-credit (CLO) exposure, where valuations appeared compelling relative to the traditional corporate debt market.

We continue to see value in our short-duration, higher-carry holdings given their seemingly attractive income profile and favourable downside characteristics.

Within the financial sector, we used some of the Silicon Valley Bank /Credit Suisse-induced volatility in March to selectively add exposure to larger, national-champion banks that have sound fundamentals and whose bonds appeared attractively valued.

### Significant Sales

We reduced the Fund's exposure to traditional high-yield bonds as they looked increasingly expensive. Within investment-grade (IG) bonds, we selectively took profit early in the year on some of our holdings that had recovered significantly from the lows of late 2022. We also reduced positions in non-financial sector bonds where valuations had become quite expensive, particularly in the US market.

### Outlook

While there is undoubtedly ongoing uncertainty around global economic growth, inflation trends and the behaviour of central banks, over recent months, markets have enjoyed a strong recovery since the volatility sparked by Silicon Valley Bank's collapse in Q1. This recovery was especially evident post October, as the narrative of more supportive monetary policy in 2024 gained traction, resulting in both spreads and yields rallying across the board. However, we continue to believe the road ahead is likely to remain bumpy, with credit valuations still likely to see significant further fluctuations.

While market technicals – such as supply/demand dynamics, fund flows, central bank quantitative tightening (QT) momentum, and interest-rate volatility – have been key factors driving markets for the past year, we believe company fundamentals (e.g., corporate health) will increasingly come to the fore. Corporate fundamentals are generally starting from a position of relative strength, with seemingly reasonable leverage levels and strong interest coverage all features across large parts of the credit market. As macroeconomic conditions weaken, we will inevitably see an increase in default rates, but we believe this rise maybe less pronounced than in previous recessions given the factors mentioned above. That said, in an environment where default rates are rising, idiosyncratic (company-specific) credit risk abounds, with events surrounding Credit Suisse and Silicon Valley Bank clear examples. Therefore, we think investors should generally favour companies with more

## Global Total Return Credit Fund (continued)

defensive end markets and with sufficient margins and liquidity to absorb higher funding costs and any potential economic weakness ahead.

More broadly, yields remain elevated relative to history, offering investors seemingly compelling valuations, and a dramatically improved income profile relative to recent history. Not only does this higher level of income mark a shift in regime for investors who have been starved of yield for many years – boding well for the outlook for asset class demand – it also has historically shown itself to be a source of higher quality and less volatile returns for credit investors. Furthermore, higher yields also typically provide a buffer to absorb further market stresses. While credit spreads have compressed, dispersion is relatively high, with a large proportion of both the investment-grade and high-yield market trading either significantly tighter or wider than the overall index spread; this creates possible bottom-up opportunities for investors that follow flexible and dynamic approaches. As the market begins to increasingly discriminate between issuer fundamentals, sector dispersion in credit markets will likely increase further.

We have continued to pivot the Fund towards higher carry (higher income) holdings such as structured credit and selective parts of the short duration high-yield, bank capital and corporate hybrid markets, given their attractive income profile and favourable downside characteristics. At the same time, we have reduced exposure to bonds whose spreads are nearing their tightest (lowest) level in history as we believe these bonds offer limited potential for further price appreciation or attractive income.

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\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation (acc) share class, net of fees in GBP.

\*\*Overnight SONIA +4% (pre 30 November 2022, benchmark was LIBOR 3 Month GBP +4%) and peer group sector average (Investment Association £ Strategic Bond) shown for performance comparison purposes only.

The opinions expressed herein are as at end of December 2023.

## Global Total Return Credit Fund (continued)

### Risk and Reward profile\*



This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk and reward category shown is not guaranteed to remain unchanged and may shift over time. The lowest category does not mean 'risk free'.

The value of your investment and any income from it can fall as well as rise and you are not certain of making profits; losses may be made.

Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of the investments made by the Fund.

The Fund appears towards the middle of the risk and reward indicator scale. This is because the mix of assets it invests in tends to produce returns which fluctuate more than those of cash funds but less than those of funds which solely invest in the shares of companies.

#### The following risks may not be fully captured by the Risk and Reward Indicator:

**Default:** There is a risk that the issuers of fixed income investments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The worse the credit quality of the issuer, the greater the risk of default and therefore investment loss.

**Derivatives:** The use of derivatives may increase overall risk by magnifying the effect of both gains and losses leading to large changes in value and potentially large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

**Government securities exposure:** The Fund may invest more than 35% of its assets in securities issued or guaranteed by a permitted sovereign entity, as defined in the definitions section of the Fund's prospectus.

**Interest rate:** The value of fixed income investments (e.g. bonds) tends to decrease when interest rates rise.

**Liquidity:** There may be insufficient buyers or sellers of particular investments giving rise to delays in trading and being able to make settlements, and/or large fluctuations in value. This may lead to larger financial losses than might be anticipated.

\*The Risk and Reward profile is taken from the Key Investor Information Document. Please note that, the Risk and Reward profile section is based on Sterling 'I' Class Accumulation shares.  
The full list of the Fund's risks are contained in Appendix VI of the Ninety One Funds Series Omnibus prospectus.

# American Franchise Fund

## Portfolio Statement

As at 31 December 2023

Asset	Holding	Market value (£'000)	Percentage of net assets (%)
<b>Consumer discretionary 4.68% (31.12.22: 14.53%)</b>			
<b>Retailers</b>			
O'Reilly Automotive	17,386	12,839	2.16
<b>Travel and leisure</b>			
Booking	5,394	15,026	2.52
<b>Consumer staples 7.84% (31.12.22: 5.85%)</b>			
<b>Beverages</b>			
Monster Beverage	395,860	17,835	2.99
Diageo	464,390	13,293	2.23
		<b>31,128</b>	<b>5.22</b>
<b>Food producers</b>			
Nestle	171,333	15,614	2.62
<b>Financials 12.23% (31.12.22: 12.37%)</b>			
<b>Finance and credit services</b>			
S&P Global	55,284	19,177	3.22
FactSet Research Systems	43,747	16,377	2.75
		<b>35,554</b>	<b>5.97</b>
<b>Investment banking and brokerage</b>			
Charles Schwab	449,536	24,528	4.12
Tradeweb Markets	179,770	12,747	2.14
		<b>37,275</b>	<b>6.26</b>
<b>Health care 19.68% (31.12.22: 16.97%)</b>			
<b>Health care providers</b>			
Veeva Systems	60,701	9,236	1.55
<b>Medical equipment and services</b>			
Agilent Technologies	154,849	16,993	2.85
IDEXX Laboratories	34,827	15,221	2.56
Becton Dickinson	73,689	14,058	2.36
Alcon	221,147	13,531	2.27
Stryker	54,312	12,751	2.14
West Pharmaceutical Services	34,326	9,565	1.61
Align Technology	41,946	9,109	1.53
		<b>91,228</b>	<b>15.32</b>
<b>Pharmaceuticals and biotechnology</b>			
Zoetis	108,293	16,762	2.81
<b>Industrials 5.93% (31.12.22: 6.77%)</b>			
<b>Industrial support services</b>			
Automatic Data Processing	106,308	19,390	3.26
Visa	77,724	15,880	2.67
		<b>35,270</b>	<b>5.93</b>
<b>Real estate 2.35% (31.12.22: 2.85%)</b>			
<b>Real estate investment and services</b>			
CoStar	202,491	13,980	2.35

**Portfolio Statement (continued)**  
**As at 31 December 2023**

Asset	Holding	Market value (£'000)	Percentage of net assets (%)
<b>Technology 45.55% (31.12.22: 40.42%)</b>			
<b>Software and computer services</b>			
Microsoft	182,335	53,685	9.01
Alphabet	333,661	36,712	6.16
Autodesk	137,899	26,499	4.45
Intuit	46,176	22,753	3.82
Dolby Laboratories	310,447	21,162	3.55
Adobe	43,481	20,325	3.41
Meta Platforms A Class	64,284	18,073	3.03
VeriSign	77,094	12,476	2.10
Cadence Design Systems	57,570	12,342	2.07
		<b>224,027</b>	<b>37.60</b>
<b>Technology hardware and equipment</b>			
Texas Instruments	133,715	18,016	3.03
NVIDIA	46,137	17,925	3.01
ASML	19,140	11,380	1.91
		<b>47,321</b>	<b>7.95</b>
Portfolio of investments		585,260	98.26
Net other assets*		10,374	1.74
<b>Net assets</b>		<b>595,634</b>	<b>100.00</b>

\*The net other assets figure includes any bank or short term cash deposits.

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings.

# Asia Pacific Franchise Fund

## Portfolio Statement

As at 31 December 2023

Asset	Holding	Market value (£'000)	Percentage of net assets (%)
<b>Australia 0.00% (31.12.22: 12.13%)</b>			
<b>Cayman Islands 23.04% (31.12.22: 18.04%)</b>			
Tencent	289,200	8,517	5.86
Alibaba	1,107,744	8,406	5.78
Meituan	604,560	4,973	3.42
Kingdee International Software	3,758,000	4,296	2.95
Silergy	336,000	4,286	2.95
Sea ADR	95,455	3,023	2.08
		<b>33,501</b>	<b>23.04</b>
<b>China 12.42% (31.12.22: 21.30%)</b>			
Ping An Insurance Group Co of China	1,330,500	4,717	3.24
Shenzhen Mindray Bio-Medical Electronics	121,090	3,879	2.67
Foshan Haitian Flavouring & Food	856,296	3,581	2.46
Glodon	1,616,337	3,065	2.11
East Money Information	1,823,625	2,820	1.94
		<b>18,062</b>	<b>12.42</b>
<b>Hong Kong 7.40% (31.12.22: 7.77%)</b>			
AIA	1,045,600	7,147	4.91
Hong Kong Exchanges & Clearing	134,900	3,626	2.49
Real Gold Mining†	1,507,000	–	–
		<b>10,773</b>	<b>7.40</b>
<b>India 15.21% (31.12.22: 6.49%)</b>			
HDFC Bank	413,864	6,667	4.58
Hindustan Unilever	174,365	4,369	3.00
Info Edge India	71,685	3,468	2.39
ICICI Lombard General Insurance	245,332	3,285	2.26
Havells India	181,649	2,343	1.61
HDFC Life Insurance	327,647	1,996	1.37
		<b>22,128</b>	<b>15.21</b>
<b>Ireland 9.22% (31.12.22: 0.00%)</b>			
State Street USD Liquidity LVNAV	1,594,000	<b>13,405</b>	<b>9.22</b>
<b>Jersey 0.00% (31.12.22: 3.04%)</b>			
<b>Netherlands 0.00% (31.12.22: 4.76%)</b>			
<b>South Korea 10.04% (31.12.22: 6.72%)</b>			
Samsung Electronics	259,530	12,396	8.52
LEENO Industrial	17,922	2,206	1.52
		<b>14,602</b>	<b>10.04</b>
<b>Taiwan 16.04% (31.12.22: 8.53%)</b>			
Taiwan Semiconductor Manufacturing	884,357	13,385	9.20
Delta Electronics	530,000	4,241	2.92
Voltronic Power Technology	78,000	3,390	2.33
ASPEED Technology	29,000	2,306	1.59
		<b>23,322</b>	<b>16.04</b>

**Portfolio Statement (continued)**  
**As at 31 December 2023**

Asset	Holding	Market value (£'000)	Percentage of net assets (%)
<b>United States 0.00% (31.12.22: 7.41%)</b>			
<b>Vietnam 0.00% (31.12.22: 2.69%)</b>			
<b>Derivatives - futures 0.12% (31.12.22: 0.00%)</b>			
SPI 200 Index Futures March 2024	212	168	0.12
Portfolio of investments <sup>^</sup>		135,961	93.49
Net other assets <sup>*</sup>		9,471	6.51
<b>Net assets</b>		<b>145,432</b>	<b>100.00</b>

<sup>^</sup> Including derivative liabilities.

<sup>\*</sup>The net other assets figure includes any bank or short term cash deposits.

<sup>‡</sup> Suspended Security.

Stocks shown as ADRs represent American Depositary Receipts.

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings.

# Global Strategic Equity Fund

## Portfolio Statement

As at 31 December 2023

Asset	Holding	Market value (£'000)	Percentage of net assets (%)
<b>Australia 1.19% (31.12.22: 1.89%)</b>			
Brambles	480,989	3,483	1.19
<b>Austria 1.08% (31.12.22: 0.60%)</b>			
Erste Group Bank	99,634	3,162	1.08
<b>Canada 3.91% (31.12.22: 3.05%)</b>			
Barrick Gold	509,617	7,233	2.47
RB Global	81,286	4,231	1.44
		<b>11,464</b>	<b>3.91</b>
<b>Cayman Islands 1.89% (31.12.22: 1.17%)</b>			
NetEase	391,500	5,529	1.89
<b>China 3.09% (31.12.22: 2.19%)</b>			
Kweichow Moutai	29,837	5,676	1.94
Fuyao Glass Industry	818,792	3,374	1.15
		<b>9,050</b>	<b>3.09</b>
<b>Denmark 1.68% (31.12.22: 1.60%)</b>			
Novo Nordisk	60,583	4,937	1.68
<b>France 0.00% (31.12.22: 3.26%)</b>			
<b>Germany 0.94% (31.12.22: 2.29%)</b>			
Zalando	146,130	2,746	0.94
<b>Hong Kong 2.06% (31.12.22: 0.00%)</b>			
AIA	547,400	3,742	1.28
WH	4,576,000	2,307	0.78
		<b>6,049</b>	<b>2.06</b>
<b>Ireland 3.66% (31.12.22: 1.10%)</b>			
Experian	176,052	5,642	1.93
Accenture	18,412	5,081	1.73
		<b>10,723</b>	<b>3.66</b>
<b>Isle Of Man 0.00% (31.12.22: 1.45%)</b>			
<b>Italy 3.15% (31.12.22: 2.48%)</b>			
UniCredit	287,103	6,134	2.09
Enel	527,132	3,088	1.06
		<b>9,222</b>	<b>3.15</b>
<b>Japan 3.33% (31.12.22: 3.22%)</b>			
Resona	1,304,600	5,171	1.77
Shimamura	52,500	4,581	1.56
		<b>9,752</b>	<b>3.33</b>
<b>Jersey 0.00% (31.12.22: 1.71%)</b>			
<b>Mexico 1.22% (31.12.22: 1.05%)</b>			
Grupo Mexico	826,187	3,581	1.22



**Portfolio Statement (continued)**  
**As at 31 December 2023**

Asset	Holding	Market value (£'000)	Percentage of net assets (%)
<b>Netherlands 1.13% (31.12.22: 6.26%)</b>			
Ferrari	12,332	3,299	1.13
<b>Singapore 1.43% (31.12.22: 1.73%)</b>			
Yangzijiang Shipbuilding	4,727,600	4,190	1.43
<b>South Korea 0.83% (31.12.22: 1.37%)</b>			
SK Hynix	28,283	2,436	0.83
<b>Switzerland 1.24% (31.12.22: 2.41%)</b>			
Alcon	59,441	3,639	1.24
<b>Taiwan 3.73% (31.12.22: 3.58%)</b>			
MediaTek	244,000	6,301	2.15
Taiwan Semiconductor Manufacturing	306,000	4,631	1.58
		<b>10,932</b>	<b>3.73</b>
<b>United Kingdom 8.31% (31.12.22: 8.06%)</b>			
Unilever	190,676	7,252	2.47
AstraZeneca	50,599	5,352	1.83
London Stock Exchange	45,832	4,258	1.45
Rio Tinto	53,987	3,160	1.08
Intertek	56,487	2,407	0.82
Anglo American	97,070	1,928	0.66
		<b>24,357</b>	<b>8.31</b>
<b>United States 54.96% (31.12.22: 47.25%)</b>			
Microsoft	49,864	14,681	5.01
Amazon.com	103,489	12,451	4.25
UnitedHealth	26,865	11,068	3.78
Broadcom	10,267	9,037	3.08
NVIDIA	21,350	8,295	2.83
Apple	51,687	7,850	2.68
Elevance Health	21,320	7,843	2.68
TKO	120,222	7,682	2.62
Exxon Mobil	96,125	7,557	2.58
Newmont	223,653	7,318	2.50
Mastercard	20,621	6,902	2.35
Generac	57,008	5,856	2.00
Kroger	160,707	5,696	1.94
Intercontinental Exchange	55,617	5,612	1.91
VeriSign	34,498	5,583	1.90
Dolby Laboratories	77,075	5,254	1.79
Tapestry	180,582	5,252	1.79
Jacobs Solutions	50,195	5,123	1.75
General Motors	162,079	4,602	1.57
Hess	36,047	4,093	1.40
Thermo Fisher Scientific	9,360	3,918	1.34
Citigroup	87,381	3,533	1.21
Lam Research	5,654	3,502	1.20
Texas Roadhouse	24,314	2,339	0.80
		<b>161,047</b>	<b>54.96</b>
Portfolio of investments		289,598	98.83
Net other assets*		3,431	1.17
<b>Net assets</b>		<b>293,029</b>	<b>100.00</b>

\*The net other assets figure includes any bank or short term cash deposits.  
Unless otherwise stated the above securities are admitted to official stock exchange listings.

# Global Total Return Credit Fund

## Portfolio Statement

As at 31 December 2023

Asset	Holding	Market value (£'000)	Percentage of net assets (%)
<b>Collective investment schemes 2.97% (31.12.22: 1.08%)</b>			
iShares USD Corp Bond	73,068	5,984	1.38
iShares USD Short Duration High Yield Corp Bond	73,956	5,000	1.15
iShares Core EUR Corp Bond UCITS ETF	18,320	1,920	0.44
		<b>12,904</b>	<b>2.97</b>
<b>Bonds 91.65% (31.12.22: 95.34%)</b>			
<b>Collateralised loan obligations 16.51% (31.12.22: 16.43%)</b>			
Ares European CLO XII FRN 4.843% 20/04/2032	EUR 4,252,000	3,627	0.84
Ares European CLO IX FRN 6.388% 14/10/2030	EUR 4,000,000	3,326	0.77
Trinitas CLO XXVI FRN 1% 20/01/2035	USD 4,000,000	3,138	0.72
Barings Euro CLO 2018-1 5.465% FRN 15/04/2031	EUR 3,300,000	2,795	0.65
Carlyle Global Market Strategies Euro CLO 2015-3 FRN 5.615% 15/07/2030			
Barings Euro CLO 2018-1 6.265% FRN 15/04/2031	EUR 3,300,000	2,779	0.64
Carlyle Global Market Strategies Euro CLO 2015-3 FRN 6.515% 15/07/2030	EUR 3,050,000	2,535	0.59
Euro-Galaxy VI CLO FRN 5.533% 11/04/2031	EUR 2,900,000	2,388	0.55
Cairn CLO IX 6.256% FRN 25/04/2032	EUR 2,750,000	2,298	0.53
Ares European CLO XIV FRN 5.122% 21/10/2033	EUR 2,750,000	2,205	0.51
St Paul's CLO III-R FRN 6.365% 15/01/2032	EUR 2,500,000	2,148	0.50
Allegro CLO VII FRN 7.5555% FRN 13/06/2031	EUR 2,500,000	2,139	0.49
Voya Clo 2017-4 FRN 7.4055% 15/10/2030	USD 2,500,000	1,921	0.44
St Paul's CLO VIII FRN 8.585% 17/07/2030	USD 2,500,000	1,907	0.44
Tiaa Clo III FRN 7.4055% 16/01/2031	EUR 2,325,000	1,847	0.43
Arbour CLO VI FRN 5.852% FRN 15/11/2031	USD 2,300,000	1,751	0.40
OAK Hill European Credit Partners VI FRN 5.193% 20/01/2032	EUR 2,000,000	1,714	0.40
OZLME IV FRN 6.638% 27/07/2032	EUR 2,000,000	1,700	0.39
Aurium CLO IV 6.265% FRN 16/01/2031	EUR 2,000,000	1,645	0.38
Carlyle Global Market Strategies Euro CLO 2016-2 FRN 6.365% 15/04/2034	EUR 2,000,000	1,594	0.37
Bain Capital Euro Clo 2018-2 FRN 6.443% 20/01/2032	EUR 1,954,000	1,582	0.36
Avoca CLO XIX FRN 5.665% 15/10/2031	EUR 1,825,000	1,530	0.35
Adagio V CLO FRN 7.165% 15/10/2031	EUR 1,750,000	1,512	0.35
Contego CLO X FRN 8.502% 15/11/2036	EUR 1,700,000	1,401	0.32
Phoenix Park CLO FRN 6.422% 29/10/2031	EUR 1,550,000	1,351	0.31
Harvest CLO XIX FRN 5.665% 14/04/2031	EUR 1,500,000	1,267	0.29
Cairn CLO VIII FRN 5.802% 30/10/2030	EUR 1,500,000	1,252	0.29
CVC Cordatus Loan Fund XII FRN 6.202% 23/01/2032	EUR 1,450,000	1,205	0.28
Providus CLO II FRN 6.315% 15/07/2031	EUR 1,400,000	1,184	0.27
OAK Hill European Credit Partners VII FRN 9.293% 20/10/2031	EUR 1,315,000	1,120	0.26
Carlyle Euro CLO 2017-3 FRN 8.545% 15/01/2031	EUR 1,288,000	1,030	0.24
Golub Capital Partners CLO 22B FRN 7.1774% 20/01/2031	EUR 1,400,000	1,017	0.23
Richmond Park CLO FRN 1 7.015% 14/07/2031	USD 1,250,000	972	0.22
Adagio VI CLO 6.552% FRN 30/04/2031	EUR 1,100,000	952	0.22
Ares European CLO IX FRN 5.088% 14/10/2030	EUR 1,100,000	880	0.20
Harvest CLO VIII FRN 8.515% 15/01/2031	EUR 1,000,000	848	0.20
Avoca CLO XXI FRN 5.465% 15/04/2033	EUR 1,040,000	848	0.20
Blackrock European CLO IX FRN 6.245% 15/12/2032	EUR 1,000,000	843	0.19
Ares European CLO IX FRN 8.388% 14/10/2030	EUR 1,000,000	821	0.19
Harvest CLO XVIII FRN 8.595% 15/10/2030	EUR 1,000,000	804	0.19
Providus CLO VIII FRN 5.752% 20/05/2037	EUR 1,000,000	790	0.18
Aqueduct European Clo 7-2022 FRN 5.895% 15/03/2036	EUR 886,000	771	0.18
CVC Cordatus Loan Fund XXIV FRN 7.479% 23/10/2034	EUR 706,000	616	0.14
Blackrock European CLO IV FRN 8.765% 15/07/2030	EUR 600,000	521	0.12
Adagio CLO VII FRN 9.122% 10/10/2031	EUR 500,000	401	0.09
Phoenix Park CLO FRN 9.212% 29/10/2031	EUR 500,000	391	0.09
	EUR 450,000	359	0.08

**Portfolio Statement (continued)**  
**As at 31 December 2023**

Asset	Holding	Market value (£'000)	Percentage of net assets (%)
<b>Collateralised loan obligations 16.51% (31.12.22: 16.43%) (continued)</b>			
Ares European CLO VIII FRN 6.335% 17/04/2032	EUR 400,000	339	0.08
Contego CLO III 6.265% FRN 15/10/2030	EUR 400,000	330	0.08
Contego CLO IV 6.652% FRN 23/01/2030	EUR 305,000	253	0.06
Bain Capital Euro CLO 2019-1 FRN 6.365% 15/04/2032	EUR 300,000	252	0.06
Harvest CLO XVIII FRN 6.515% 15/10/2030	EUR 300,000	245	0.06
Blackrock European CLO V FRN 8.405% 16/07/2031	EUR 250,000	202	0.05
Carlyle Global Market Strategies Euro CLO 2014-3 FRN 5.556% 25/01/2032	EUR 200,000	165	0.04
		<b>71,511</b>	<b>16.51</b>
<b>Corporate bonds 75.14% (31.12.22: 78.91%)</b>			
Telecom Italia 5.303% 30/05/2024	USD 8,249,000	6,436	1.49
Banijay 6.5% 01/03/2026	EUR 6,716,000	5,820	1.34
Jaguar Land Rover Automotive 5.875% 15/11/2024	EUR 5,330,000	4,665	1.08
TeamSystem FRN 7.715% 15/02/2028	EUR 5,124,000	4,421	1.02
Open Text 6.9% 01/12/2027	USD 5,208,000	4,256	0.98
Prime Healthcare Services 7.25% 01/11/2025	USD 5,502,000	4,221	0.97
HSBC 8.201% 16/11/2034	GBP 3,790,000	4,181	0.96
ING 6.75% Perpetual	USD 5,230,000	4,081	0.94
TK Elevator Midco FRN 8.715% 15/07/2027	EUR 4,610,000	4,057	0.94
Cooperatieve Rabobank UA 4.625% Perpetual	EUR 4,800,000	4,017	0.93
Cimpress 7% 15/06/2026	USD 5,195,000	3,985	0.92
Fannie Mae Pool 6% 01/09/2053	USD 4,960,691	3,954	0.91
CSC 5.25% 01/06/2024	USD 5,026,000	3,858	0.89
BNP Paribas 6.625% Perpetual	USD 4,826,000	3,774	0.87
CPUK Finance 6.5% 28/08/2026	GBP 3,824,000	3,689	0.85
Nationwide Building Society 5.875% Perpetual	GBP 3,760,000	3,689	0.85
Spectrum Brands 4% 01/10/2026	EUR 4,230,000	3,624	0.84
Credit Agricole 7.875% Perpetual	USD 4,360,000	3,423	0.79
United Group FRN 7.252% 15/02/2026	EUR 3,912,000	3,392	0.78
Ford Motor Credit 6.86% 05/06/2026	GBP 3,235,000	3,342	0.77
JPMorgan Chase FRN 6.5263% 24/02/2028	USD 4,110,000	3,224	0.74
Charter Communications Operating 6.384% 23/10/2035	USD 3,956,000	3,150	0.73
Fannie Mae Pool 5.5% 01/07/2053	USD 3,933,278	3,101	0.72
UBS 6.537% 12/08/2033	USD 3,670,000	3,071	0.71
Multiversity SRL FRN 8.202% 30/10/2028	EUR 3,522,000	3,068	0.71
Techem Verwaltungsgesellschaft 675 mbH 2% 15/07/2025	EUR 3,570,000	3,032	0.70
Summer BidCo 9% 15/11/2025	EUR 3,504,398	3,021	0.70
Newell Brands 5.2% 01/04/2026	USD 3,734,000	2,876	0.66
GTCR W-2 Merger Sub 8.5% 15/01/2031	GBP 2,638,000	2,856	0.66
Deutsche Telekom International Finance 8.75% 15/06/2030	USD 2,980,000	2,816	0.65
SBB Treasury 1.125% 26/11/2029	EUR 5,504,000	2,801	0.65
KBC Group NV 4.75% Perpetual	EUR 3,200,000	2,778	0.64
ING 2.5% 15/02/2029	EUR 3,200,000	2,774	0.64
Bellis Acquisition 3.25% 16/02/2026	GBP 2,967,000	2,748	0.63
QVC 4.375% 01/09/2028	USD 4,607,000	2,611	0.60
INEOS Quattro Finance 1 3.75% 15/07/2026	EUR 3,027,000	2,532	0.58
BNP Paribas 5.335% 12/06/2029	USD 3,111,000	2,474	0.57
Olympus Water US 9.625% 15/11/2028	EUR 2,633,000	2,450	0.57
Abercrombie & Fitch Management 8.75% 15/07/2025	USD 3,050,000	2,439	0.56
Lloyds Banking 3.87% 09/07/2025	USD 3,082,000	2,395	0.55
Berry Global 4.875% 15/07/2026	USD 3,074,000	2,379	0.55
BNP Paribas 2% 24/05/2031	GBP 2,600,000	2,357	0.54
Vodafone 6.25% 03/10/2078	USD 2,941,000	2,297	0.53
Vodafone 4.125% 04/06/2081	USD 3,440,000	2,297	0.53
Mileage Plus 6.5% 20/06/2027	USD 2,905,000	2,295	0.53
Digital Dutch Finco 1% 15/01/2032	EUR 3,311,000	2,293	0.53
TalkTalk Telecom 3.875% 20/02/2025	GBP 2,920,000	2,278	0.53
Connect Finco 6.75% 01/10/2026	USD 2,915,000	2,264	0.52
Nykredit Realkredit 4.625% 19/01/2029	EUR 2,520,000	2,264	0.52
Electricite de France 2.875% Perpetual	EUR 2,800,000	2,255	0.52
Iberdrola International 2.25% Perpetual	EUR 2,900,000	2,250	0.52
QVC 4.45% 15/02/2025	USD 2,990,000	2,205	0.51
NatWest 7.416% 06/06/2033	GBP 2,090,000	2,183	0.50
Erste Group Bank 5.125% Perpetual	EUR 2,600,000	2,139	0.49
BPCE 2.277% 20/01/2032	USD 3,370,000	2,118	0.49
NatWest 3.622% 14/08/2030	GBP 2,190,000	2,095	0.48

**Portfolio Statement (continued)**  
**As at 31 December 2023**

Asset	Holding	Market value (£'000)	Percentage of net assets (%)
<b>Corporate bonds 75.14% (31.12.22: 78.91%) (continued)</b>			
Svenska Handelsbanken 6.25% Perpetual	USD 2,600,000	2,032	0.47
British Telecommunications 8.375% 20/12/2083	GBP 1,920,000	2,026	0.47
TotalEnergies 2.625% Perpetual	EUR 2,360,000	2,005	0.46
Morgan Stanley 3.622% 01/04/2031	USD 2,775,000	2,001	0.46
Gen Digital 5% 15/04/2025	USD 2,560,000	1,996	0.46
NatWest Group 5.516% 30/09/2028	USD 2,504,000	1,975	0.46
EDP Servicios Financieros Espana 4.125% 04/04/2029	EUR 2,180,000	1,972	0.45
UBS 7.75% 01/03/2029	EUR 1,958,000	1,962	0.45
Skandinaviska Enskilda Banken 5.125% Perpetual	USD 2,600,000	1,956	0.45
Volkswagen International Finance 3.5% Perpetual	EUR 2,300,000	1,944	0.45
CCO 7.375% 01/03/2031	USD 2,410,000	1,943	0.45
NCL 3.625% 15/12/2024	USD 2,530,000	1,928	0.45
Sprint Capital 8.75% 15/03/2032	USD 1,990,000	1,924	0.44
Fannie Mae Pool 6% 01/08/2053	USD 2,412,015	1,923	0.44
KBC 0.5% 03/12/2029	EUR 2,300,000	1,915	0.44
Enel 6.375% Perpetual	EUR 2,080,000	1,890	0.44
Electricite de France 6.25% 23/05/2033	USD 2,189,000	1,858	0.43
Credit Agricole 4.875% 23/10/2029	GBP 1,800,000	1,844	0.43
Bank of America 5.015% 22/07/2033	USD 2,369,000	1,840	0.42
ARD Finance 5% 30/06/2027	EUR 4,218,051	1,807	0.42
Iberdrola International 1.874% Perpetual	EUR 2,100,000	1,718	0.40
Lumen Technologies 4% 15/02/2027	USD 3,347,000	1,664	0.38
ABN AMRO Bank FRN 7.1274% 18/09/2027	USD 2,100,000	1,652	0.38
UBS 7% Perpetual	USD 2,088,000	1,638	0.38
British Telecommunications 9.625% 15/12/2030	USD 1,680,000	1,632	0.38
Deutsche Bank 4.875% 01/12/2032	USD 2,215,000	1,624	0.38
KBC 1.625% 18/09/2029	EUR 1,900,000	1,609	0.37
Telefonica Europe 8.25% 15/09/2030	USD 1,750,000	1,606	0.37
Altice France Holding SA 10.5% 15/05/2027	USD 3,122,000	1,561	0.36
Orange 9% 01/03/2031	USD 1,590,000	1,540	0.36
Sprint Capital 6.875% 15/11/2028	USD 1,810,000	1,535	0.35
Nykredit Realkredit 5.5% 29/12/2032	EUR 1,700,000	1,525	0.35
Credit Agricole 1.874% 09/12/2031	GBP 1,700,000	1,515	0.35
Morgan Stanley 4.813% 25/10/2028	EUR 1,630,000	1,483	0.34
Georgia-Pacific 7.75% 15/11/2029	USD 1,620,000	1,465	0.34
Lorca Telecom Bondco 4% 18/09/2027	EUR 1,703,000	1,443	0.33
UBS 4.282% 09/01/2028	USD 1,880,000	1,426	0.33
Bausch Health 4.875% 01/06/2028	USD 3,040,000	1,408	0.33
VICI Properties 4.25% 01/12/2026	USD 1,830,000	1,382	0.32
Credit Agricole 3.875% 20/04/2031	EUR 1,500,000	1,348	0.31
Viasat 6.5% 15/07/2028	USD 2,030,000	1,302	0.30
KBC 4.25% Perpetual	EUR 1,600,000	1,282	0.30
Nationwide Building Society 6.178% 07/12/2027	GBP 1,245,000	1,279	0.30
CPI Property 1.5% 27/01/2031	EUR 2,800,000	1,274	0.29
HSBC 7.336% 03/11/2026	USD 1,510,000	1,229	0.28
Digital Euro Finco 2.5% 16/01/2026	EUR 1,440,000	1,219	0.28
Altice France 5.125% 15/01/2029	USD 1,991,000	1,216	0.28
Adevinta 2.625% 15/11/2025	EUR 1,390,000	1,197	0.28
TotalEnergies 1.75% Perpetual	EUR 1,370,000	1,179	0.27
Morgan Stanley 6.342% 18/10/2033	USD 1,370,000	1,158	0.27
Nationwide Building Society 5.75% Perpetual	GBP 1,240,000	1,143	0.26
Trivium Packaging Finance FRN 7.752% 15/08/2026	EUR 1,310,000	1,138	0.26
Bank of America FRN 6.4243% 05/02/2026	USD 1,430,000	1,119	0.26
HSBC 4.856% 23/05/2033	EUR 1,200,000	1,107	0.26
DNB Bank 4.875% Perpetual	USD 1,450,000	1,104	0.26
Carnival 1% 28/10/2029	EUR 1,760,000	1,103	0.25
BNP Paribas 5.894% 05/12/2034	USD 1,330,000	1,091	0.25
Erste Group Bank 4.25% 30/05/2030	EUR 1,200,000	1,083	0.25
BCP V Modular Services Finance 6.75% 30/11/2029	EUR 1,520,000	1,082	0.25
Vmed O2 UK Financing I 4.5% 15/07/2031	GBP 1,250,000	1,079	0.25
Volkswagen International Finance 7.875% Perpetual	EUR 1,100,000	1,076	0.25
Bellis Finco 4% 16/02/2027	GBP 1,235,000	1,070	0.25
HT Troplast 9.375% 15/07/2028	EUR 1,210,000	1,067	0.25
Barclays 8.407% 14/11/2032	GBP 1,000,000	1,066	0.25
LABL 10.5% 15/07/2027	USD 1,400,000	1,052	0.24
INEOS Finance 2.875% 01/05/2026	EUR 1,240,000	1,045	0.24
Fannie Mae Pool 5% 01/06/2053	USD 1,338,767	1,040	0.24
JPMorgan Chase 4.457% 13/11/2031	EUR 1,107,000	1,014	0.23

**Portfolio Statement (continued)**  
**As at 31 December 2023**

Asset	Holding	Market value (£'000)	Percentage of net assets (%)
<b>Corporate bonds 75.14% (31.12.22: 78.91%) (continued)</b>			
Barclays 8% Perpetual	USD 1,300,000	1,013	0.23
Enel 3.375% Perpetual	EUR 1,206,000	998	0.23
Braskem Netherlands Finance 4.5% 31/01/2030	USD 1,670,000	998	0.23
HSBC 6.375% Perpetual	USD 1,280,000	995	0.23
Engie 3.875% 06/12/2033	EUR 1,100,000	990	0.23
Morgan Stanley 5.948% 19/01/2038	USD 1,240,000	983	0.23
Bank of America FRN 6.6975% 15/09/2027	USD 1,250,000	982	0.23
Lloyds Banking 5.871% 06/03/2029	USD 1,220,000	980	0.23
Iceland Bondco 10.875% 15/12/2027	GBP 934,000	973	0.22
Bank of America 4.948% 22/07/2028	USD 1,240,000	972	0.22
VICI Properties 4.125% 15/08/2030	USD 1,350,000	969	0.22
Enel Finance International 7.5% 14/10/2032	USD 1,080,000	968	0.22
Charter Communications Operating 6.15% 10/11/2026	USD 1,199,000	962	0.22
NatWest Group 4.067% 06/09/2028	EUR 1,080,000	956	0.22
JPMorgan Chase 4.912% 25/07/2033	USD 1,220,000	946	0.22
Iceland Bondco 4.375% 15/05/2028	GBP 1,107,000	922	0.21
ABN AMRO Bank 4.8% 18/04/2026	USD 1,200,000	921	0.21
LKQ 5.75% 15/06/2028	USD 1,146,000	918	0.21
Barclays 2.645% 24/06/2031	USD 1,386,000	917	0.21
HCA 5.625% 01/09/2028	USD 1,130,000	906	0.21
Comcast 5.5% 15/11/2032	USD 1,050,000	875	0.20
Marriott International 4.625% 15/06/2030	USD 1,130,000	873	0.20
CSC 4.5% 15/11/2031	USD 1,420,000	841	0.19
Comcast 7.05% 15/03/2033	USD 900,000	824	0.19
Electricite de France 4.25% 25/01/2032	EUR 900,000	821	0.19
Cooperatieve Rabobank UA 3.25% Perpetual	EUR 1,000,000	774	0.18
Erste Group Bank 4% 07/06/2033	EUR 900,000	769	0.18
SCIL IV FRN 8.343% 01/11/2026	EUR 880,000	769	0.18
Fannie Mae Pool 5.5% 01/05/2053	USD 969,141	764	0.18
Morgan Stanley 5.148% 25/01/2034	EUR 790,000	756	0.17
Barclays 8.875% Perpetual	GBP 746,000	744	0.17
Samhallsbyggnadsbolaget i Norden 1.75% 14/01/2025	EUR 970,000	727	0.17
JPMorgan Chase 4.851% 25/07/2028	USD 920,000	722	0.17
Ford Motor Credit 6.95% 06/03/2026	USD 880,000	706	0.16
Jaguar Land Rover Automotive 7.75% 15/10/2025	USD 880,000	696	0.16
Lowe's Cos 4.5% 15/04/2030	USD 870,000	679	0.16
JPMorgan Chase 6.254% 23/10/2034	USD 770,000	657	0.15
Verisure 9.25% 15/10/2027	EUR 700,000	654	0.15
NatWest 4.771% 16/02/2029	EUR 718,000	649	0.15
Credit Agricole 5.514% 05/07/2033	USD 780,000	634	0.15
Heimstaden Bostad Treasury 1.625% 13/10/2031	EUR 1,150,000	630	0.15
ING FRN 6.9077% 11/09/2027	USD 784,000	617	0.14
At Home 4.875% 15/07/2028	USD 2,152,000	614	0.14
SCIL IV 5.375% 01/11/2026	USD 809,000	608	0.14
Heimstaden Bostad Treasury 0.625% 24/07/2025	EUR 786,000	606	0.14
Dollar General 5.45% 05/07/2033	USD 755,000	603	0.14
Heimstaden Bostad 2.625% Perpetual	EUR 2,016,000	596	0.14
Adient Global 3.5% 15/08/2024	EUR 691,221	596	0.14
HSBC 6.254% 09/03/2034	USD 700,000	582	0.13
Barclays 5.262% 29/01/2034	EUR 620,000	577	0.13
Nationwide Building Society 2% 25/07/2029	EUR 670,000	571	0.13
CPUK Finance 4.875% 28/08/2025	GBP 580,000	561	0.13
Jaguar Land Rover Automotive 2.2% 15/01/2024	EUR 620,000	538	0.12
Warnermedia 4.054% 15/03/2029	USD 710,000	528	0.12
ING 2% 22/03/2030	EUR 600,000	504	0.12
Heimstaden Bostad 3% Perpetual	EUR 1,650,000	490	0.11
Adient Global 7% 15/04/2028	USD 597,000	487	0.11
INEOS Quattro Finance 2 8.5% 15/03/2029	EUR 487,000	447	0.10
CPI Property 4.875% Perpetual	EUR 1,741,000	441	0.10
UBS 4.75% 17/03/2032	EUR 450,000	412	0.10
Wynn Las Vegas 5.5% 01/03/2025	USD 519,000	405	0.09
Nationwide Building Society 4% 14/09/2026	USD 530,000	399	0.09
Credit Agricole 6.875% Perpetual	USD 500,000	390	0.09
UBS 2.125% 13/10/2026	EUR 460,000	389	0.09
BNP Paribas 5.125% 13/01/2029	USD 490,000	387	0.09
Nationwide Building Society 4.85% 27/07/2027	USD 490,000	383	0.09
CPI Property 3.75% Perpetual	EUR 1,760,000	368	0.09

**Portfolio Statement (continued)**  
**As at 31 December 2023**

Asset	Holding	Market value (£'000)	Percentage of net assets (%)
<b>Corporate bonds 75.14% (31.12.22: 78.91%) (continued)</b>			
Landesbank Baden-Wuerttemberg 4% Perpetual	EUR 400,000	254	0.06
Telefonica Europe 3.875% Perpetual	EUR 300,000	252	0.06
Altice France 4% 15/02/2028	EUR 540,000	205	0.05
Electricite de France 5.7% 23/05/2028	USD 200,000	162	0.04
Kaisa 9.375% 30/06/2024	USD 5,037,000	143	0.03
Shimao 0% 15/07/2026	USD 4,507,000	133	0.03
Kaisa 11.7% 11/11/2025	USD 3,290,000	85	0.02
Heimstaden Bostad 3.375% Perpetual	EUR 190,000	69	0.02
Zhenro Properties 6.63% 07/01/2026	USD 3,250,000	25	0.01
Kaisa 8.5% 30/06/2022**	USD 410,000	12	-
Zhenro Properties 7.875% 14/04/2024	USD 670,000	5	-
		<b>325,677</b>	<b>75.14</b>
<b>Derivatives - futures 0.38% (31.12.22: 0.10%)</b>			
US Treasury Note 5 Year Futures March 2024	399	741	0.17
US Treasury Note 10 Year Futures March 2024	289	636	0.15
German Euro Bund Futures March 2024	44	163	0.04
German Euro BOBL Futures March 2024	80	97	0.02
		<b>1,637</b>	<b>0.38</b>
<b>Derivatives - credit default swaptions 0.00% (31.12.22: 0.00%)</b>			
Merrill Lynch Markit iTraxx - CDO351021 21/02/2024 (Strike Price EUR 0.425)	12,105,000	11	-
Merrill Lynch Markit iTraxx - CDO350476 17/01/2024 (Strike Price EUR 0.45)	35,900,000	8	-
Merrill Lynch Markit iTraxx - CDO350542 17/01/2024 (Strike Price EUR 0.45)	12,297,634	3	-
Merrill Lynch Markit iTraxx - CDO350509 17/01/2024 (Strike Price EUR 0.45)	11,930,000	3	-
Merrill Lynch Markit iTraxx - CDO350643 17/01/2024 (Strike Price EUR 0.45)	11,402,366	3	-
		<b>28</b>	<b>-</b>
<b>Derivatives - credit default swaps (0.12%) (31.12.22: 0.00%)</b>			
Citigroup Markit iTraxx 100 BPS 20/12/2028	9,450,000	160	0.04
Citigroup Markit iTraxx 100 BPS 20/12/2028	6,910,000	60	0.01
Citigroup Markit CDX 100 BPS 20/12/2028	6,900,000	(107)	(0.02)
Citigroup Markit iTraxx 100 BPS 20/12/2028	9,520,000	(126)	(0.03)
Citigroup Markit iTraxx 100 BPS 20/12/2028	8,720,000	(147)	(0.03)
Citigroup Markit iTraxx 100 BPS 20/12/2028	23,850,000	(403)	(0.09)
		<b>(563)</b>	<b>(0.12)</b>
<b>Forward foreign exchange contracts (0.04%) (31.12.22: (2.09%))</b>			
<b>Forward currency contracts</b>			
<b>Euro</b>			
Buy EUR	3,790,000	for GBP (3,282,320)	16
Sell EUR	(218,117,000)	for GBP 188,412,599	(1,386)
<b>US dollar</b>			
Buy USD	11,630,000	for GBP (9,200,735)	(77)
Sell USD	(244,725,000)	for GBP 193,298,410	1,318
			<b>(129)</b>
			<b>(0.04)</b>
Portfolio of investments <sup>^</sup>		411,065	94.84
Net other assets*		22,372	5.16
<b>Net assets</b>		<b>433,437</b>	<b>100.00</b>

<sup>^</sup> Including derivative liabilities.

\*The net other assets figure includes any bank or short term cash deposits.

\*\*Bond still trading.

Securities shown as FRNs represent Floating Rate Notes – debt instruments that pay a floating rate of interest, usually based on an accepted market benchmark rate such as SONIA.

Fixed interest securities are traded on a regulated market, unless otherwise stated.

The collective investment schemes investments, credit default swaps, swaptions and the forward foreign exchange contracts are not listed.

## Portfolio Analysis

As at 31 December 2023

### Portfolio Analysis

Asset	31.12.23		31.12.22	
	Market value (£'000)	Percentage of net assets (%)	Market value (£'000)	Percentage of net assets (%)
Bonds	397,188	91.65	342,287	95.34
Collective investment schemes	12,904	2.97	3,887	1.08
Derivatives	1,102	0.26	328	0.10
Forward foreign exchange contracts	(129)	(0.04)	(7,525)	(2.09)
Net other assets	22,372	5.16	19,982	5.57
<b>Net assets</b>	<b>433,437</b>	<b>100.00</b>	<b>358,959</b>	<b>100.00</b>

### Credit Breakdown\*

Asset	31.12.23		31.12.22	
	Market value (£'000)	Percentage of net assets (%)	Market value (£'000)	Percentage of net assets (%)
AAA	7,162	1.66	2,164	0.60
AA	29,465	6.81	6,460	1.80
A	77,943	17.96	48,440	13.52
BBB	131,096	30.25	120,809	33.65
BB	54,154	12.50	80,884	22.52
B	79,803	18.41	71,858	20.00
CCC	17,162	3.97	11,626	3.24
C	403	0.09	46	0.01
<b>Total bonds</b>	<b>397,188</b>	<b>91.65</b>	<b>342,287</b>	<b>95.34</b>

\*Bond ratings are Ninety One approximations.

# Market Risk Sensitivity

## Sensitivity analysis

The table below shows the funds' beta; this is a historical measure of the funds' sensitivity to movements in well known markets. A beta of 1.0 would suggest that a fund had experienced a close relationship to the volatility of the market index against which it was being measured, rising when the market rises and falling when it falls in a one to one manner. A beta of 1.5 would suggest that a fund had experienced movements of 1.5 times the index i.e. the fund was more volatile than the market. A beta of 0.5 would suggest that a fund had experienced movements in values of half of the index's movement i.e. the fund was less volatile than the market. Broadly speaking, if a fund has a beta of 'B' to an index, it means that if the index value changes by 'X'% we could expect the fund value to change by 'B' multiplied by 'X'%. Of course, this is only an expectation, but it is a good indicator of the risk currently faced by particular funds.

2023*	FTSE All-Share Index	MSCI World Index	Bank of America Merrill Lynch Global High Yield Constrained GBP hedged (from 01.11.2015)
American Franchise Fund	0.32	0.93	1.15
Asia Pacific Franchise Fund	0.50	1.28	1.70
Global Strategic Equity Fund	0.30	0.73	0.87
Global Total Return Credit Fund	0.33	0.51	0.76

2022**	FTSE All-Share Index	MSCI World Index	Bank of America Merrill Lynch Global High Yield Constrained GBP hedged (from 01.11.2015)
American Franchise Fund	0.65	0.98	1.11
Asia Pacific Franchise Fund	0.58	0.25	0.44
Global Strategic Equity Fund	0.90	0.96	1.24
Global Total Return Credit Fund	0.67	0.50	0.83

Past performance is not a guide to future performance.

\* Source: Lipper 01.01.23– 31.12.23 using monthly sub-periods for class 'I' accumulation shares.

\*\* Source: Lipper 01.01.22– 31.12.22 using monthly sub-periods for class 'I' accumulation shares.



# Authorised Corporate Director's Report

The Authorised Corporate Director (the "ACD") of Ninety One Funds Series ii (the "Company") is Ninety One Fund Managers UK Limited. The ACD is the sole director of the Company.

## **Authorised status**

The Company is an investment company with variable capital incorporated in England and Wales under registered number IC125 and authorised by the Financial Conduct Authority (the "FCA") with effect from 7 September 2001.

The Company is structured as an umbrella company in that different sub-funds (the "Funds") may be established from time to time by the ACD with the approval of the FCA. The Company currently comprises four Funds.

The Company (and therefore the Funds) has been certified by the FCA as complying with the FCA Collective Investment Scheme ("COLL") Sourcebook and the Collective Investment Schemes (Amendment etc) (EU Exit) Regulations 2019 No.325 including any amendments or updates made in relation thereto. The Company has an unlimited duration.

The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and policy applicable to that Fund. Investment of the assets of each of the Funds must comply with the investment objective and policy of the relevant Fund.

Under English law, the Funds are segregated portfolios of assets and the assets of a Fund belong exclusively to that Fund. The assets of a Fund shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Fund and shall not be available for any such purpose.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund, and within each Fund charges will be allocated between share classes in accordance with their terms of issue. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which it believes is fair to the shareholders generally. This will normally be pro rata to the net asset value of the relevant Funds. Shareholders are not liable for the debts of the Company.

## **Accounting period covered by these accounts**

The accounting period covered in these accounts is from 1 January 2023 to 31 December 2023.

## **Changes during the accounting period**

### **Changes made following required notice:**

After consultation with the Depositary and in accordance with the requirements of Section 4.3 of COLL, shareholders were given notice of the following:

On 31 July 2023, of the increase to the maximum General Administration Charge ('GAC') of the funds from 0.08% to 0.12% per annum effective 3 October 2023.

There were no fundamental changes to the Funds that required shareholder approval and nor were there any other significant changes to the operation of the Funds requiring pre-notification.

## Authorised Corporate Director's Report (continued)

### Share class launches and closures

American Franchise Fund, M, Accumulation, GBP launched on 14 December 2023

American Franchise Fund, J, Accumulation, GBP launched on 14 December 2023

### Other changes made:

On 6 April 2023, the prospectus was updated to reflect the following:

- (a) annual updates, including to tax information and performance figures; and
- (b) amendments reflecting the completion of termination of the Monthly High Income Fund.

On 17 July 2023, the prospectus was updated to include changes to the Depositary's sub-custodian list in Appendix VII.

On 14 December 2023, the prospectus was updated to reflect:

- (a) an increase in the global exposure and expected level of leverage created through the use of derivatives for the Global Total Return Credit Fund from 150% to 175%;
- (b) Adam Fletcher resigned as a director of the ACD and Sandy Pennisi was appointed as a director of the ACD. Sandy Pennisi is also a director of Ninety One UK Limited, a Related Party to the ACD.

There were no other material changes made during the period under review.

### **J. Green**

Director of the  
ACD

11 April 2024

### **N. Smith**

Director of the ACD

# Statement of Authorised Corporate Director's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ('the COLL Rules') require 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 income and net gains or losses on the property of the Company for the period.

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 UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its sub-funds' 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 its sub-funds 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; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

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

The ACD is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Statement of Depositary's Responsibilities and Report to Shareholders

## **Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the Ninety One Funds Series ii ('the Company') for the year ended 31 December 2023.**

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), 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, repurchase, 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 income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager 'the AFM' which is the UCITS Management Company, 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 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 AFM:

- (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 income 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.

# Independent Auditors' Report to the Shareholders of Ninety One Funds Series ii

## Report on the audit of the financial statements

### Opinion

In our opinion, the financial statements of Ninety One Funds Series ii (the "Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 December 2023 and of the net revenue/expense and the net capital gains/losses on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Ninety One Funds Series ii is an Open Ended Investment Company ("OEIC") with four sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the Balance Sheets as at 31 December 2023; the Statements of Total Return and the Statements of Change in Net Assets Attributable to Shareholders for the year then ended; the Distribution Tables; the Accounting Policies (in the Notes to the Financial Statements of the Company section) and the Notes to the Financial Statements.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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 or any sub-funds' ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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.

## **Independent Auditor's Report (continued)**

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's or any sub-funds' ability to continue as a going concern.

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

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

### **Authorised Corporate Director's Report**

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the Authorised Corporate Director for the financial statements**

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for 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.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the sub-fund'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 or terminate the Company or individual sub-fund, or has no realistic alternative but to do so.

#### **Auditors' 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 auditors' 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.

## **Independent Auditor's Report (continued)**

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.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company or the sub-funds and judgements and assumptions made by management in their significant accounting estimates. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

### **Use of this report**

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Independent Auditor's Report (continued)**

### **Other required reporting**

#### **Opinion on matter required by the Collective Investment Schemes sourcebook**

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

#### **Collective Investment Schemes sourcebook exception reporting**

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh

11 April 2024



# American Franchise Fund

## Comparative tables

For the year ended 31 December 2023

For the financial year ending	'A' Class (Accumulation shares)			'A' Class (GBP Hedged Accumulation shares)		
	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	625.20	729.05	568.10	344.69	461.32	363.64
Return before operating charges*	164.01	(93.72)	171.13	108.72	(110.66)	104.28
Operating charges	(11.23)	(10.13)	(10.18)	(6.51)	(5.97)	(6.60)
Return after operating charges*	152.78	(103.85)	160.95	102.21	(116.63)	97.68
Distributions	-	-	-	-	-	-
Retained distributions on accumulation shares	-	-	-	-	-	-
Closing net asset value per share	777.98	625.20	729.05	446.90	344.69	461.32
* after direct transaction costs of :	0.17	0.06	0.11	0.10	0.04	0.07
<b>Performance</b>						
Return after charges	24.44%	(14.24%)	28.33%	29.65%	(25.28%)	26.86%
<b>Other information</b>						
Closing net asset value (£'000)	148,411	124,171	159,254	818	559	767
Closing number of shares	19,076,579	19,860,844	21,844,039	182,992	162,068	166,257
Operating charges	1.60%	1.59%	1.58%	1.63%	1.62%	1.61%
Direct transaction costs‡	0.02%	0.01%	0.02%	0.02%	0.01%	0.02%
<b>Prices</b>						
Highest share price	778.15	722.63	734.51	447.00	457.99	464.66
Lowest share price	622.87	569.58	549.05	341.07	317.17	351.95

  

For the financial year ending	'A' Class (USD Accumulation shares)			'B' Class (Accumulation shares)		
	31.12.23 (c)	31.12.22 (c)	31.12.21 (c)	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	753.22	983.17	775.87	654.96	761.83	592.17
Return before operating charges*	253.00	(217.42)	221.88	171.97	(97.94)	178.60
Operating charges	(13.98)	(12.53)	(14.58)	(9.90)	(8.93)	(8.94)
Return after operating charges*	239.02	(229.95)	207.30	162.07	(106.87)	169.66
Distributions	-	-	-	-	-	-
Retained distributions on accumulation shares	-	-	-	-	-	-
Closing net asset value per share	992.24	753.22	983.17	817.03	654.96	761.83
* after direct transaction costs of :	0.22	0.08	0.16	0.18	0.06	0.11
<b>Performance</b>						
Return after charges	31.73%	(23.39%)	26.72%	24.75%	(14.03%)	28.65%
<b>Other information</b>						
Closing net asset value (USD'000)/(£'000)	116,756	89,518	118,123	4,890	5,105	6,593
Closing number of shares	11,766,870	11,884,706	12,014,546	598,497	779,366	865,386
Operating charges	1.60%	1.59%	1.58%	1.35%	1.34%	1.33%
Direct transaction costs‡	0.02%	0.01%	0.02%	0.02%	0.01%	0.02%
<b>Prices</b>						
Highest share price	992.47	975.92	988.91	817.20	755.15	767.31
Lowest share price	745.14	687.31	749.68	652.53	595.88	572.42

## Comparative tables

For the year ended 31 December 2023

For the financial year ending	'I' Class (Accumulation shares)			'J' Class (Accumulation shares) <sup>(1)</sup>		
	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)	31.12.23 (p)		
<b>Change in net assets per share</b>						
Opening net asset value per share	431.40	499.30	386.17	100.00		
Return before operating charges*	113.59	(64.23)	116.78	1.31		
Operating charges	(4.13)	(3.67)	(3.65)	-		
Return after operating charges*	109.46	(67.90)	113.13	1.31		
Distributions	-	-	-	-		
Retained distributions on accumulation shares	-	-	-	-		
Closing net asset value per share	540.86	431.40	499.30	101.31		
* after direct transaction costs of :	0.12	0.04	0.07			
<b>Performance</b>						
Return after charges	25.37%	(13.60%)	29.30%	1.31%		
<b>Other information</b>						
Closing net asset value (£'000)	328,348	269,659	386,131	10		
Closing number of shares	60,709,073	62,507,447	77,334,913	10,000		
Operating charges	0.85%	0.84%	0.83%	0.72%		
Direct transaction costs‡	0.02%	0.01%	0.02%	0.02%		
<b>Prices</b>						
Highest share price	540.95	494.94	502.58	101.32		
Lowest share price	429.83	391.43	373.43	99.36		

  

For the financial year ending	'M' Class (Accumulation shares) <sup>(1)</sup>			'R' Class (USD Accumulation shares)		
	31.12.23 (p)			31.12.23 (c)	31.12.22 (c)	31.12.21 (c)
<b>Change in net assets per share</b>						
Opening net asset value per share	100.00			429.87	498.76	386.72
Return before operating charges*	1.35			113.03	(64.13)	116.80
Operating charges	-			(5.32)	(4.76)	(4.76)
Return after operating charges*	1.35			107.71	(68.89)	112.04
Distributions	(0.03)			-	-	-
Retained distributions on accumulation shares	-			-	-	-
Closing net asset value per share	101.32			537.58	429.87	498.76
* after direct transaction costs of :				0.12	0.04	0.08
<b>Performance</b>						
Return after charges	1.35%			25.06%	(13.81%)	28.97%
<b>Other information</b>						
Closing net asset value (£'000)/(USD'000)	10			9,640	7,870	9,054
Closing number of shares	10,000			1,793,128	1,830,906	1,815,296
Operating charges	0.55%			1.10%	1.09%	1.08%
Direct transaction costs‡	0.02%			0.02%	0.01%	0.02%
<b>Prices</b>						
Highest share price	101.33			537.69	494.40	502.19
Lowest share price	99.36			428.28	390.56	373.89

## Comparative tables

For the year ended 31 December 2023

For the financial year ending	'S' Class (Accumulation shares)			'S' Class (USD Accumulation shares)		
	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)	31.12.23 (c)	31.12.22 (c)	31.12.21 (c)
<b>Change in net assets per share</b>						
Opening net asset value per share	539.86	620.15	476.06	83.66	107.57	100.00
Return before operating charges*	142.66	(79.80)	144.55	28.31	(23.84)	7.59
Operating charges	(0.60)	(0.49)	(0.46)	(0.09)	(0.07)	(0.02)
Return after operating charges*	142.06	(80.29)	144.09	28.22	(23.91)	7.57
Distributions	(3.21)	(2.81)	(2.44)	(0.53)	(0.44)	(0.42)
Retained distributions on accumulation shares	3.21	2.81	2.44	0.53	0.44	0.42
Closing net asset value per share	681.92	539.86	620.15	111.88	83.66	107.57
* after direct transaction costs of :	0.15	0.05	0.09	0.02	0.01	0.02
<b>Performance</b>						
Return after charges	26.31%	(12.95%)	30.27%	33.73%	(22.23%)	7.57%
<b>Other information</b>						
Closing net asset value (£'000)/(USD'000)	11,889	9,675	11,511	11	8	11
Closing number of shares	1,743,472	1,792,104	1,856,213	10,000	10,000	10,000
Operating charges	0.10%	0.09%	0.08%	0.09%	0.08%	0.09%
Direct transaction costs‡	0.02%	0.01%	0.02%	0.02%	0.01%	0.02%
<b>Prices</b>						
Highest share price	682.02	614.79	623.66	111.70	106.80	108.01
Lowest share price	537.93	487.86	460.62	82.79	76.09	97.70

### Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange, method of execution and the quality of research provided. They are made up of direct and indirect portfolio transaction costs:

‡ Direct portfolio transaction costs: Broker execution commission and taxes.

Indirect portfolio transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid. Details of the dealing spread is shown in note 5 of the 'Notes to the financial statements' for each of the individual funds.

(1) Classes launched on 14 December 2023.

# Asia Pacific Franchise Fund

## Comparative tables

For the year ended 31 December 2023

For the financial year ending	'A' Class (Accumulation shares)			'B' Class (Accumulation shares)		
	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	735.79	832.93	903.51	7,625.68	8,610.71	9,316.96
Return before operating charges*	(20.76)	(84.85)	(56.08)	(216.30)	(877.80)	(579.52)
Operating charges	(12.14)	(12.29)	(14.50)	(106.54)	(107.23)	(126.73)
Return after operating charges*	(32.90)	(97.14)	(70.58)	(322.84)	(985.03)	(706.25)
Distributions	-	-	-	(5.16)	(6.62)	-
Retained distributions on accumulation shares	-	-	-	5.16	6.62	-
Closing net asset value per share	702.89	735.79	832.93	7,302.84	7,625.68	8,610.71
* after direct transaction costs of :	1.43	0.48	0.37	14.77	5.00	3.79
<b>Performance</b>						
Return after charges	(4.47%)	(11.66%)	(7.81%)	(4.23%)	(11.44%)	(7.58%)
<b>Other information</b>						
Closing net asset value (£'000)	25,322	35,412	50,222	2,204	2,469	2,839
Closing number of shares	3,602,448	4,812,829	6,029,519	30,176	32,383	32,966
Operating charges	1.65%	1.65%	1.63%	1.40%	1.39%	1.38%
Direct transaction costs‡	0.19%	0.06%	0.04%	0.19%	0.06%	0.04%
<b>Prices</b>						
Highest share price	823.80	834.78	988.59	8,539.90	8,630.08	10,197.19
Lowest share price	668.13	635.31	809.21	6,938.56	6,581.35	8,357.86

  

For the financial year ending	'I' Class (Accumulation shares)			'J' Class (Accumulation shares)		
	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	379.85	426.78	459.48	102.14	114.64	123.30
Return before operating charges*	(10.75)	(43.50)	(28.70)	(2.92)	(11.68)	(7.72)
Operating charges	(3.44)	(3.43)	(4.00)	(0.82)	(0.82)	(0.94)
Return after operating charges*	(14.19)	(46.93)	(32.70)	(3.74)	(12.50)	(8.66)
Distributions	(2.20)	(2.24)	(1.53)	(0.68)	(0.70)	(0.54)
Retained distributions on accumulation shares	2.20	2.24	1.53	0.68	0.70	0.54
Closing net asset value per share	365.66	379.85	426.78	98.40	102.14	114.64
* after direct transaction costs of :	0.74	0.25	0.19	0.20	0.07	0.05
<b>Performance</b>						
Return after charges	(3.74%)	(11.00%)	(7.12%)	(3.66%)	(10.90%)	(7.02%)
<b>Other information</b>						
Closing net asset value (£'000)	78,080	127,082	174,043	25,477	35,578	43,471
Closing number of shares	21,353,513	33,455,679	40,780,575	25,890,193	34,833,541	37,920,439
Operating charges	0.90%	0.89%	0.88%	0.80%	0.79%	0.78%
Direct transaction costs‡	0.19%	0.06%	0.04%	0.19%	0.06%	0.04%
<b>Prices</b>						
Highest share price	425.70	427.76	503.17	114.46	114.90	135.04
Lowest share price	347.10	327.55	413.49	93.39	88.06	111.03

## Comparative tables

For the year ended 31 December 2023

For the financial year ending	'R' Class (Accumulation shares)		
	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	217.56	245.05	264.48
Return before operating charges*	(6.21)	(24.98)	(16.49)
Operating charges	(2.50)	(2.51)	(2.94)
Return after operating charges*	(8.71)	(27.49)	(19.43)
Distributions	(0.69)	(0.74)	(0.23)
Retained distributions on accumulation shares	0.69	0.74	0.23
Closing net asset value per share	208.85	217.56	245.05
* after direct transaction costs of :	0.42	0.14	0.11
<b>Performance</b>			
Return after charges	(4.00%)	(11.22%)	(7.35%)
<b>Other information</b>			
Closing net asset value (£'000)	14,349	16,080	21,487
Closing number of shares	6,870,449	7,391,115	8,768,381
Operating charges	1.15%	1.14%	1.13%
Direct transaction costs‡	0.19%	0.06%	0.04%
<b>Prices</b>			
Highest share price	243.69	245.61	289.55
Lowest share price	198.35	187.68	237.64

### Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange, method of execution and the quality of research provided. They are made up of direct and indirect portfolio transaction costs:

‡ Direct portfolio transaction costs: Broker execution commission and taxes.

Indirect portfolio transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid. Details of the dealing spread is shown in note 5 of the 'Notes to the financial statements' for each of the individual funds.

# Global Strategic Equity Fund

## Comparative tables

For the year ended 31 December 2023

For the financial year ending	'A' Class (Accumulation shares)			'A' Class (USD Accumulation shares)		
	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)	31.12.23 (c)	31.12.22 (c)	31.12.21 (c)
<b>Change in net assets per share</b>						
Opening net asset value per share	1,141.69	1,367.36	1,124.82	1,372.81	1,840.20	1,533.04
Return before operating charges*	197.18	(206.26)	262.64	330.85	(445.12)	334.65
Operating charges	(20.41)	(19.41)	(20.10)	(25.30)	(22.27)	(27.49)
Return after operating charges*	176.77	(225.67)	242.54	305.55	(467.39)	307.16
Distributions	(3.32)	(4.71)	-	(4.26)	(5.90)	-
Retained distributions on accumulation shares	3.32	4.71	-	4.26	5.90	-
Closing net asset value per share	1,318.46	1,141.69	1,367.36	1,678.36	1,372.81	1,840.20
* after direct transaction costs of :	1.59	1.13	1.26	1.98	1.31	1.73
<b>Performance</b>						
Return after charges	15.48%	(16.50%)	21.56%	22.26%	(25.40%)	20.04%
<b>Other information</b>						
Closing net asset value (£'000)/(USD'000)	93,936	106,442	139,837	1,730	1,467	89
Closing number of shares	7,124,632	9,323,243	10,226,832	103,102	106,895	4,833
Operating charges	1.62%	1.61%	1.60%	1.62%	1.59%	1.60%
Direct transaction costs‡	0.13%	0.09%	0.10%	0.13%	0.09%	0.10%
<b>Prices</b>						
Highest share price	1,319.09	1,374.60	1,383.94	1,687.80	1,854.27	1,848.17
Lowest share price	1,145.51	1,105.83	1,138.91	1,372.30	1,236.83	1,557.36

  

For the financial year ending	'I' Class (Accumulation shares)			'I' Class (GBP Hedged Accumulation shares)		
	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	302.25	359.28	293.35	132.45	178.36	144.64
Return before operating charges*	52.35	(54.30)	68.70	29.41	(44.55)	35.17
Operating charges	(2.92)	(2.73)	(2.77)	(1.29)	(1.36)	(1.45)
Return after operating charges*	49.43	(57.03)	65.93	28.12	(45.91)	33.72
Distributions	(3.40)	(3.63)	(2.43)	(1.45)	(1.68)	(1.17)
Retained distributions on accumulation shares	3.40	3.63	2.43	1.45	1.68	1.17
Closing net asset value per share	351.68	302.25	359.28	160.57	132.45	178.36
* after direct transaction costs of :	0.42	0.30	0.33	0.18	0.14	0.16
<b>Performance</b>						
Return after charges	16.35%	(15.87%)	22.47%	21.23%	(25.74%)	23.31%
<b>Other information</b>						
Closing net asset value (£'000)	159,007	132,955	171,435	176	4,018	32,168
Closing number of shares	45,213,622	43,988,410	47,715,711	109,890	3,033,582	18,035,249
Operating charges	0.87%	0.86%	0.85%	0.89%	0.89%	0.88%
Direct transaction costs‡	0.13%	0.09%	0.10%	0.13%	0.09%	0.10%
<b>Prices</b>						
Highest share price	351.83	361.22	363.48	160.96	179.80	179.13
Lowest share price	303.29	292.22	296.04	132.96	122.95	145.63

## Comparative tables

For the year ended 31 December 2023

For the financial year ending	'R' Class (Accumulation shares)			'S' Class (Accumulation shares)		
	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	277.13	330.25	270.32	387.54	457.22	370.52
Return before operating charges*	47.96	(49.88)	63.26	67.29	(69.24)	87.12
Operating charges	(3.44)	(3.24)	(3.33)	(0.53)	(0.44)	(0.42)
Return after operating charges*	44.52	(53.12)	59.93	66.76	(69.68)	86.70
Distributions	(2.35)	(2.60)	(1.48)	(7.61)	(7.68)	(6.21)
Retained distributions on accumulation shares	2.35	2.60	1.48	7.61	7.68	6.21
Closing net asset value per share	321.65	277.13	330.25	454.30	387.54	457.22
* after direct transaction costs of :	0.39	0.27	0.30	0.55	0.38	0.42
<b>Performance</b>						
Return after charges	16.06%	(16.08%)	22.17%	17.23%	(15.24%)	23.40%
<b>Other information</b>						
Closing net asset value (£'000)	32,329	29,570	37,490	6,224	5,742	8,847
Closing number of shares	10,051,198	10,670,002	11,351,984	1,369,887	1,481,593	1,934,867
Operating charges	1.12%	1.11%	1.10%	0.12%	0.11%	0.10%
Direct transaction costs‡	0.13%	0.09%	0.10%	0.13%	0.09%	0.10%
<b>Prices</b>						
Highest share price	321.79	332.02	334.16	454.48	459.72	462.34
Lowest share price	278.07	268.10	272.79	388.90	373.99	373.96

### Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange, method of execution and the quality of research provided. They are made up of direct and indirect portfolio transaction costs:

‡ Direct portfolio transaction costs: Broker execution commission and taxes.

Indirect portfolio transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid. Details of the dealing spread is shown in note 5 of the 'Notes to the financial statements' for each of the individual funds.

# Global Total Return Credit Fund

## Comparative tables

For the year ended 31 December 2023

For the financial year ending	'A' Class (Accumulation shares) <sup>(1)</sup>			'A' Class (Income-2 shares)		
	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	85.80	98.73	100.00	80.35	97.18	100.09
Return before operating charges*	8.66	(11.71)	(0.93)	7.89	(11.39)	2.61
Operating charges	(1.22)	(1.22)	(0.34)	(1.12)	(1.18)	(1.29)
Return after operating charges*	7.44	(12.93)	(1.27)	6.77	(12.57)	1.32
Distributions	(4.42)	(3.21)	(0.66)	(5.12)	(4.26)	(4.23)
Retained distributions on accumulation shares	4.42	3.21	0.66	-	-	-
Closing net asset value per share	93.24	85.80	98.73	82.00	80.35	97.18
* after direct transaction costs of :	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	8.67%	(13.10%)	(1.27%)	8.43%	(12.93%)	1.32%
<b>Other information</b>						
Closing net asset value (£'000)	5,439	5,524	6,718	3,055	7,388	10,453
Closing number of shares	5,833,306	6,438,100	6,804,484	3,725,778	9,194,407	10,756,115
Operating charges	1.36%	1.36%	1.35%	1.36%	1.36%	1.35%
Direct transaction costs‡	-	-	-	-	-	-
<b>Prices</b>						
Highest share price	93.57	99.04	100.00	84.28	97.47	101.63
Lowest share price	86.37	82.50	98.07	78.26	78.32	96.88

  

For the financial year ending	'I' Class (Accumulation shares)			'I' Class (Income-2 shares)		
	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	100.34	114.77	112.64	82.88	99.63	102.01
Return before operating charges*	10.16	(13.63)	2.99	8.15	(11.70)	2.70
Operating charges	(0.80)	(0.80)	(0.86)	(0.64)	(0.68)	(0.75)
Return after operating charges*	9.36	(14.43)	2.13	7.51	(12.38)	1.95
Distributions	(5.82)	(4.42)	(4.01)	(5.30)	(4.37)	(4.33)
Retained distributions on accumulation shares	5.82	4.42	4.01	-	-	-
Closing net asset value per share	109.70	100.34	114.77	85.09	82.88	99.63
* after direct transaction costs of :	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	9.33%	(12.57%)	1.89%	9.06%	(12.43%)	1.91%
<b>Other information</b>						
Closing net asset value (£'000)	165,151	110,020	197,276	40,018	34,594	45,891
Closing number of shares	150,552,642	109,644,442	171,893,021	47,033,359	41,740,953	46,060,828
Operating charges	0.76%	0.76%	0.75%	0.76%	0.76%	0.75%
Direct transaction costs‡	-	-	-	-	-	-
<b>Prices</b>						
Highest share price	110.07	115.14	116.72	86.98	99.93	103.86
Lowest share price	101.02	96.37	112.78	81.10	80.69	99.28



## Comparative tables

For the year ended 31 December 2023

For the financial year ending	'K' Class (Accumulation shares)			'K' Class (Income-2 shares)		
	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	101.48	115.83	113.46	83.78	100.52	102.72
Return before operating charges*	10.28	(13.76)	3.00	8.25	(11.78)	2.72
Operating charges	(0.60)	(0.59)	(0.63)	(0.48)	(0.51)	(0.56)
Return after operating charges*	9.68	(14.35)	2.37	7.77	(12.29)	2.16
Distributions	(6.10)	(4.63)	(4.27)	(5.36)	(4.45)	(4.36)
Retained distributions on accumulation shares	6.10	4.63	4.27	-	-	-
Closing net asset value per share	111.16	101.48	115.83	86.19	83.78	100.52
* after direct transaction costs of :	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	9.54%	(12.39%)	2.09%	9.27%	(12.23%)	2.10%
<b>Other information</b>						
Closing net asset value (£'000)	7,276	6,418	7,360	14,533	14,781	25,343
Closing number of shares	6,545,056	6,324,567	6,354,387	16,861,284	17,641,891	25,212,430
Operating charges	0.56%	0.56%	0.55%	0.56%	0.56%	0.55%
Direct transaction costs‡	-	-	-	-	-	-
<b>Prices</b>						
Highest share price	111.54	116.21	117.73	87.94	100.82	104.68
Lowest share price	102.16	97.42	113.61	82.12	81.55	100.15

  

For the financial year ending	'R' Class (Accumulation shares) <sup>(1)</sup>			'R' Class (Income-2 shares) <sup>(1)</sup>		
	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	86.33	98.84	100.00	81.46	98.02	100.00
Return before operating charges*	8.74	(11.74)	(0.95)	7.99	(11.51)	(0.95)
Operating charges	(0.78)	(0.77)	(0.21)	(0.71)	(0.75)	(0.21)
Return after operating charges*	7.96	(12.51)	(1.16)	7.28	(12.26)	(1.16)
Distributions	(4.91)	(3.68)	(0.78)	(5.20)	(4.30)	(0.82)
Retained distributions on accumulation shares	4.91	3.68	0.78	-	-	-
Closing net asset value per share	94.29	86.33	98.84	83.54	81.46	98.02
* after direct transaction costs of :	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	9.22%	(12.66%)	(1.16%)	8.94%	(12.51%)	(1.16%)
<b>Other information</b>						
Closing net asset value (£'000)	229	318	411	5,014	5,103	6,378
Closing number of shares	242,558	368,066	415,936	6,002,279	6,265,306	6,507,186
Operating charges	0.86%	0.86%	0.85%	0.86%	0.86%	0.85%
Direct transaction costs‡	-	-	-	-	-	-
<b>Prices</b>						
Highest share price	94.61	99.16	100.00	85.47	98.36	100.00
Lowest share price	86.91	82.93	98.15	79.65	79.29	97.66

## Comparative tables

For the year ended 31 December 2023

For the financial year ending	'S' Class (Accumulation shares) <sup>(1)</sup>		
	31.12.23 (p)	31.12.22 (p)	31.12.21 (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	87.13	99.01	100.00
Return before operating charges*	8.85	(11.79)	(0.97)
Operating charges	(0.10)	(0.09)	(0.02)
Return after operating charges*	8.75	(11.88)	(0.99)
Distributions	(5.66)	(4.30)	(0.95)
Retained distributions on accumulation shares	5.66	4.30	0.95
Closing net asset value per share	95.88	87.13	99.01
* after direct transaction costs of :	-	-	-
<b>Performance</b>			
Return after charges	10.04%	(12.00%)	(0.99%)
<b>Other information</b>			
Closing net asset value (£'000)	192,722	174,813	37,538
Closing number of shares	201,007,986	200,630,277	37,912,291
Operating charges	0.11%	0.11%	0.10%
Direct transaction costs‡	-	-	-
<b>Prices</b>			
Highest share price	96.20	99.34	100.00
Lowest share price	87.72	83.58	98.26

### Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange, method of execution and the quality of research provided. They are made up of direct and indirect portfolio transaction costs:

‡ Direct portfolio transaction costs: Broker execution commission and taxes.

Indirect portfolio transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid. Details of the dealing spread is shown in note 5 of the 'Notes to the financial statements' for each of the individual funds.

# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company

For the year ended 31 December 2023

### 1. Accounting policies

#### a) Basis of accounting

The financial statements on pages 51 to 109 have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association in May 2014 (IMA SORP 2014) and amended in June 2017, Financial Reporting Standard (FRS) 102 and United Kingdom Generally Accepted Accounting Practice. These Financial Statements are prepared on a going concern basis. The ACD has made an assessment of the sub-funds' ability to continue as a going concern, and is satisfied they have the resources to continue in business for the foreseeable future and is not aware of any material uncertainties that may cast significant doubt on this assessment. This assessment covers the period of at least twelve months from the date of issue of these Financial Statements and considers liquidity, declines in global capital markets, known redemption levels, expense projections and key service providers operational resilience.

#### Changes in accounting policies

There have been no changes to the accounting policies for the year ended 31 December 2023.

#### b) Valuation of investments

The investments of the Funds have been valued at market value at noon (UK time) on 29 December 2023, last business day of the financial year, net of any accrued interest. Suspended securities are valued at the last traded price or at the Investment Manager's best estimate of fair value based on market information and particular circumstances that led to the suspension subject to agreement from the ACD's valuation committee.

Market value is defined by the SORP as fair value which is generally the bid value. The bid price is the highest price a buyer is willing to pay for a security.

Open Forward Currency Contracts are shown in the Portfolio Statement and are valued using contracted forward rates. The net gains/(losses) are reflected in 'Forward currency contracts' in Net capital gains/(losses).

Open Futures Contracts are shown in the Portfolio Statement and are valued using broker prices. The net gains/(losses) are reflected in 'Derivative contracts' in Net capital gains/(losses).

Open Swap Contracts are shown in the Portfolio Statement and are at fair value. The net gains/(losses) are reflected in 'Derivative contracts' in Net capital gains/(losses).

#### c) Exchange rates

Assets and liabilities held in overseas currencies have been translated into sterling at the exchange rates ruling at noon on 29 December 2023, last business day of the financial year. Transactions during the year are translated at the rate ruling on the transaction date.

#### d) Functional currency

The Company's functional and presentational currency is Sterling. The financial statements are presented to the nearest £'000.

#### e) Recognition of revenue

Income encompasses both revenue and capital gains/(losses). Revenue generally includes items such as dividends, interest and other similar items that were previously referred to as 'income'. Capital is the return from holding investments other than part of the return that is revenue.

All dividends and scrip (stock) dividends on equities are recognised when the securities are quoted ex-dividend net of any attributable tax credits. Bank interest, interest on investments and other receivables are accrued up to the accounting date.

Accumulation of revenue relating to accumulation units or shares held in collective investment schemes is recognised as revenue and included in the amount available for distribution. Equalisation received from distributions or accumulations on units or shares in collective investment schemes is treated as capital and deducted from the cost of the investment.

Revenue from debt securities is accounted for on an effective interest basis.

Underwriting commission is taken to revenue and recognised when the issue takes place, unless the Funds are required to take up all or some of the underwritten shares. In this case the commission is used to reduce the cost of those shares.

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

Where derivatives are used to protect or enhance capital, and the motives and circumstances support it, cashflows are treated as capital. Where derivatives are used to protect or enhance revenue, and the motives and circumstances support it, cashflows arising are treated as revenue.

#### f) Expenses

Management expenses including the General Administration Charge (GAC) and custody are charged against revenue unless otherwise stated in the Ninety One Funds Series Omnibus prospectus 'The Prospectus'. The only exception are the Income-2 ('Inc-2' share classes on Global Total Return Credit Fund), where expenses are borne by capital for distribution purposes.

#### g) Taxation

Provision is made for corporation tax at current rates on the excess of taxable revenue over allowable expenses.

#### h) Deferred taxation

Where applicable, a provision is made on all material timing differences between the recognition of revenue in the financial statements and its recognition in the Funds' annual tax returns. Deferred tax liabilities are recognised to the extent that it is possible that an actual liability will crystallise and deferred tax assets are recognised where it is more than likely that an asset is recoverable.

No deferred tax assets have been recognised as there is uncertainty over future net revenues to utilise such assets.

# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 2. Distribution policies

#### a) Basis of distribution

If at the end of the distribution period, revenue exceeds expenses borne by revenue for distribution purposes, the net revenue after taxation of that Fund is available to be distributed to its shareholders. In order to conduct a controlled dividend flow to shareholders, interim distributions will be at the ACD's discretion, up to a maximum of the distributable revenue available for the period. At the end of the year, all remaining net revenue is distributed.

Global Total Return Credit Fund will distribute on a monthly basis. The ACD may smooth the revenue within an accounting period by carrying forward revenue otherwise distributable with a view to augmenting amounts to be paid out at a later date within the same accounting period.

American Franchise Fund, Asia Pacific Franchise Fund and Global Strategic Equity Fund will distribute annually by reference to net revenue arising during the year ended 31 December 2023.

Any deficit of revenue after taxation will reduce the capital of the Fund.

Distributions on accumulation shares are retained by the Fund and increase the value of the accumulation shares.

#### b) Apportionment to multiple share classes

The allocation of revenue and non class specific expenses is based upon the proportion of the Funds' assets attributable to each share class, on the day the revenue is earned or expense is suffered.

#### c) Stock dividends

Ordinary scrip dividends are treated as revenue and will form part of any distribution. A transfer is made from capital to revenue to compensate for the amount of revenue foregone. In the case of enhanced scrip dividends, any enhancement is taken to capital.

#### d) Interest from debt securities

As noted in note 1e above, revenue from fixed interest securities is accounted for on an effective interest basis, where applicable, UK interest distributions are also based on an effective interest basis.

#### e) Expenses

Management expenses including the General Administration Charge (GAC) and custody are charged against revenue unless otherwise stated in the Ninety One Funds Series Omnibus prospectus 'The Prospectus'. The only exception are the Income-2 ('Inc-2' share classes), where expenses are borne by capital for distribution purposes.

Details of expenses borne by capital can be found in the 'Distributions' note.

#### f) Equalisation

Equalisation takes account of the distributable revenue in the share price that is received on the creation of shares and paid on cancellation of shares and is allocated to the distribution account to equalise the distribution payable to Shareholders.

#### g) Aggregate distribution

The aggregate distribution for the Company is based on the individual funds' net revenue after taxation. Where there is a significant difference between net revenue after taxation and the amounts available for distribution, a reconciliation has been provided.

### 3. Risk management policies

Any investment in stock market funds involves risk. Some of these risks are general, which means that they apply to all funds. Others are specific, which means that they apply to individual funds only.

We monitor our Funds' portfolios against certain parameters, seeking to ensure that they meet an acceptable risk: reward profile.

#### Risk management process

The stock selection and asset allocation of the portfolios are reviewed at periodic fund review meetings. Consideration is given to whether the risk associated with the exposure to particular investment categories or stocks is prudent in the context of the investment objective. The Investment Manager has responsibility for monitoring the existing portfolios in accordance with an overall investment category deviation parameter and seeks to ensure that the portfolios as a whole meet an acceptable risk: reward profile. Monthly market risk reviews are conducted on core funds, investigating levels and trends in risk exposures and the overall diversity of risk contributors. For certain forms of derivative intensive funds, daily predicted Value at Risk levels are also monitored.

Listed below are the specific risks applicable to the Funds. Investors should refer to Clause 5, Appendix 1 of the Prospectus (for specific risks) and Appendix vi of the Prospectus for a detailed explanation of each of the risks highlighted below. General Risks

#### General risks

##### Risks associated with investments

##### Accounting

Accounting, auditing and financial reporting standards, practices and disclosure requirements vary between countries and can change and this can be a source of uncertainty in the true value of investments and can lead to a loss of capital or income.

# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 3. Risk management policies (continued)

#### Active Management

As the Funds are actively managed, the portfolios' constituents may vary from the benchmark and, therefore, the performance of the Funds may differ from that benchmark and so could underperform it.

#### Climate Change

Climate change is an evolving risk which could affect the value of the underlying investments of a Fund. Climate change risk includes i) transition risks, being risks associated with markets transitioning to a lower-carbon economy (including extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change) and ii) physical risks which may be acute (e.g. extreme weather events) or chronic (e.g. longer term shifts in climate patterns such as sustained higher temperatures).

#### Cyber attack

Ninety One and its service providers are at risk of cyber attack which can cause operational disruption and impact business operations, potentially leading to financial loss. This can result from the misappropriation of assets or sensitive information, corruption of data or interference with the company's ability to perform its duties relating to, for example, processing transactions, asset valuation and maintenance and adherence to privacy and data security legislation. This could result in reputational damage, regulatory censure, legal fees and other costs. Cyber attacks affecting issuers in which a Fund invests could also cause the Fund's investments to lose value.

#### Efficient portfolio management

Efficient Portfolio Management may be used by the Funds to reduce risk, reduce costs or for the generation of additional capital or income in the Funds at an acceptably low level of risk.

The Funds may use derivatives repo contracts, and stock lending for Efficient Portfolio Management.

It is not intended that using derivatives for Efficient Portfolio Management will increase the volatility of the Funds. In adverse situations, however, a Fund's use of derivatives may become ineffective in hedging or Efficient Portfolio Management and a Fund may suffer significant loss as a result.

A Fund's ability to use Efficient Portfolio Management techniques may be limited by market conditions, regulatory limits and tax considerations. Any income or capital generated by Efficient Portfolio Management techniques will be paid to the Funds.

The Investment Manager may use one or more separate counterparties to undertake transactions on behalf of these Funds. A Fund may be required to pledge or transfer collateral from its assets to secure the exposure of such contracts entered into for Efficient Portfolio Management. There may be a risk that a counterparty will wholly or partially fail to honour their contractual arrangements with regards the provision and/or return of collateral and any other payments due to the relevant Fund. The ACD measures the creditworthiness of counterparties as part of the risk management process.

A counterparty may be an associate of the ACD or the Investment Manager which may give rise to a conflict of interest. For further details on the ACD's conflicts of interest policy please contact the ACD.

#### ESG (environmental, social and governance) risk

ESG (Environmental, Social and Governance) risk factors may adversely affect the value of the securities of individual companies, sectors or countries through potential risks to economic growth and financial stability, which may negatively affect the value of the underlying investments of a Fund. Should businesses or countries contribute, or be seen to contribute, to poor environmental, social or governance outcomes then this may attract censure and negatively impact growth prospects, the market price of their securities and/or Fund's ability to buy or sell these securities as expected. Companies or countries with poor ESG outcomes may be subject to price shocks resulting from legal, regulatory, technological or environmental changes. Governments or regulators may impose new requirements on companies or industries relating to ESG obligations which may negatively affect the value of securities.

Environmental factors may include (but are not limited to) the impact of emissions, energy efficiency, the exploitation of natural resources or waste treatment. Social factors may include human rights, treatment of workers and workers' rights or diversity issues. Governance factors may include shareholder rights, remuneration of senior management, conflicts of interest or board independence.

#### Exchange rate fluctuation

Currency fluctuations may adversely affect the value of a Fund's investments and the income thereon. Currency fluctuations may also adversely affect the profitability of an underlying company in which a Fund invests.

#### Income Yield

The level of any yield arising from interest and/or dividend payments, and other such sources of income, for a Fund may be subject to fluctuations and is not guaranteed. Therefore the related distribution amount paid, or deemed to be paid, from any Fund's Share Classes may also fluctuate over time and is not guaranteed.

#### Inflation and deflation

Inflation erodes the real value of all investments and changes in the anticipated rate of inflation could lead to capital losses in a Fund's investments.

Deflation risk is the risk that prices throughout an economy may decline over time. Deflation may have an adverse effect on company profitability, impacting their value or creditworthiness, which may result in a decline in the value of a Fund's portfolio.

# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 3. Risk management policies (continued)

#### Initial public offerings (IPO) and placement

When a Fund subscribes for an IPO or a placing there is a (potentially lengthy) period between the Fund submitting its application and finding out whether the application has been successful. If the Fund is not allocated the full amount subscribed for due to oversubscription or the security is listed at lower than the issue price (in respect of an IPO only), this may result in a sudden change in the Fund's price. There is also the opportunity cost of having cash committed to the subscription (and therefore out of the market), and not receiving the full allocation. The price of securities involved in initial public offerings are often subject to greater and more unpredictable price changes than more established securities and there may be less financial information available.

#### Pandemics, epidemics and outbreaks of transmissible diseases risks

Investors are cautioned that pandemics, epidemics and outbreaks of transmissible diseases could pose significant and unpredictable risks for the Funds.

To contain pandemics, epidemics or outbreaks of transmissible diseases, governments around the world may take a number of actions, such as regional and country-wide quarantine measures, significant border closures and travel restrictions, ordering the closure of certain business sectors, prohibiting residents' freedom of movement, encouraging or ordering employees to work remotely from home, and banning public activities and events, among others. Such measures can result in the slowing and/or complete idling of commercial activity around the world.

The impacts of these actions could materially and adversely affect the performance of the Funds' investments and more generally the Funds' ability to implement their investment strategies.

In particular, the valuation of a Fund's existing and potential investments may be difficult to assess, and may be subject to a high degree of variability and uncertainty, which may lead to the suspension of the calculation of the net asset value per share of a Fund. Similarly, payments of income or interest and repayment of principal from borrowers may be delayed, and as a result, the predicted timing and amount of cash flows for a Fund may be adversely affected. These impacts and adverse effects are not exhaustive and may evolve rapidly as developments unfold.

In addition, the operations of the ACD, the Investment Manager and/or the Company other service providers (or their respective affiliates) could be, adversely impacted, including through quarantine measures and travel restrictions imposed on personnel based or temporarily located in affected countries.

#### Political, legal and regulatory

Expropriation by the state, social or political instability, or other restrictions on the freedom of a Fund to deal in its investments, may all lead to investment losses. It should also be noted that there may be occasions when a government imposes restrictions on a company's operations and / or the free movement of cash.

The regulatory environment may evolve in different territories and changes therein may adversely affect the ability of a Fund to pursue its investment strategies. The regulatory environment within which the Funds operate may be different to the regulatory requirements of the investors' home countries.

#### Risks associated with derivatives

##### EMIR clearing: client segregation model

EMIR requires clearing members of central counterparties established in the UK, or in the case of Regulation (EU) No 2017/1131, the European Union, to offer their clients (e.g. a Fund) the choice between omnibus accounts and individual accounts in relation to their centrally cleared over-the-counter (OTC) derivative transactions.

The omnibus account option is the minimum standard of client protection permitted under EMIR. Omnibus accounts are accounts at the level of the CCP which contain the OTC derivative positions and the related collateral of several of the clearing member's clients. The pooling of client positions and collateral in this way means that assets related to a client could be used to cover the losses of other clients following a clearing member default. Individual accounts only contain the positions and collateral of the respective account holder and therefore offer a higher level of client protection compared to an omnibus account structure.

For omnibus accounts, a further distinction is made between net omnibus accounts and gross omnibus accounts. In a gross omnibus account, which is the type of account the ACD has selected, positions are recorded on a gross basis by the clearing member for each of its clients and collateral is calculated on a gross basis. In contrast, in a net omnibus account there is netting between the different clients' positions and collateral is calculated on a net basis. Accordingly a gross omnibus account results in less risk for the respective client as following a clearing member default, there is likely to be a larger pool of collateral available to be returned to clients than would be the case in respect of a net omnibus account.

#### Risks associated with share classes

##### Base currency hedged share classes

For the base currency Hedged Share Classes, the ACD will implement a currency hedging strategy to limit exposure to the currency position of the relevant Fund's Base Currency relative to the currency denomination of the relevant base currency hedged Share Class ("BCHSC Currency"). However, there can be no assurance that the strategy implemented by the ACD will be successful.

The currency hedging transactions will be entered into regardless of whether the Base Currency is declining or increasing in value relative to the BCHSC Currency. Consequently, while such hedging will largely protect investors against a decline in the value of the relevant Base Currency relative to the BCHSC Currency, it will also mean that investors will not benefit from an increase in the value of that Base Currency relative to the BCHSC Currency.

# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 3. Risk management policies (continued)

Due to the impossibility of forecasting future market values the currency hedging will not be perfect and the returns of the base currency hedged Share Class, measured in the BCHSC Currency, will not be exactly the same as the returns of an equivalent Share Class denominated in and measured in the relevant Base Currency.

Shareholders should also note that liabilities arising from a Hedged Share Class in a Fund may affect the Net Asset Value of the other Share Classes in that Fund.

#### Charges to capital

Where the income generated by a Fund's investments is not sufficient to offset the charges and expenses of the Fund they may instead be deducted from the capital of the Fund. This will constrain the rate of capital growth.

For the Inc-2 Share Classes, all expenses attributable to that Share Class will be charged against the capital account of that Share Class. This has the effect of increasing the Share Class' distributions (which may be taxable) whilst reducing its capital to an equivalent extent. This could constrain future capital and income growth.

#### Currency denomination

The Currency Denomination of a Share Class in a Fund may not necessarily be an indicator of the currency risk to which its Shareholders are exposed. Currency risk derives from the currency exposures of the underlying assets of a Fund, while the currency denomination of a Share Class only indicates the currency in which the Net Asset Value of that Share Class is valued in.

It is also particularly important to be aware of the difference between a Share Class that is denominated in a given currency and a Share Class that is hedged into that currency. For a full overview of the different Share Classes available please refer to Section 3 of the Prospectus.

#### Distribution from capital

Inc-2 Shares may make distributions from capital as well as from net realised and unrealised capital gains before deduction of fees and expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital and the potential for long-term capital and income growth. In addition, this distribution policy may have tax implications for your investment in such Income Shares. If in doubt, please consult your tax adviser.

#### Initial charges

Where an Initial Charge is made, investors who sell their Shares may not, even in the absence of a fall in the value of the Shares, recover the total amount originally subscribed.

#### Transactional risks arising from the hedged share classes

There is a risk that where a Fund has Share Classes that operate a hedge as well as Share Classes that do not, the returns of the latter may be affected, positively or negatively, by inaccuracies and imperfections in the operation of the hedge. This risk arises because Share Classes are not separate legal entities. Hedged Share Classes and un-hedged Share Classes of the same Fund participate in the same pool of assets and/or liabilities of the same Fund.

Shareholders should also note that assets and/or liabilities arising from one Share Class in a Fund may affect the Net Asset Value of the other Share Classes in that Fund.

#### Portfolio currency hedged share class ("PCHSC")

Due to the impossibility of forecasting future market values and the primary currency exposures in the relevant Fund's portfolio, portfolio currency hedging will never be perfect and the returns of PCHSC may be impacted by exchange rate movements.

Currency hedging transactions will be entered into regardless of whether the primary currency exposures are declining or increasing in value relative to the currency denomination of the PCHSC. Consequently, while such hedging will largely protect investors against a decline in the value of the relevant the primary currency exposures relative to the currency denomination of the PCHSC, it will also mean that investors will not benefit from an increase in the value of those primary currency exposures relative to the currency denomination of the PCHSC.

Shareholders should also note that liabilities arising from a hedged Share Class in a Fund may affect the Net Asset Value of the other Share Classes in that Fund.

By virtue of the hedging techniques used, the performance of any PCHSC will diverge from the performance of the equivalent Share Class that does not make use of these hedging strategies.

Please see section 2.2.2 of the Prospectus for further details on the types of hedging transactions implemented by the ACD and the risks associated with the PCHSCs.

#### Risks associated with shareholder dealing and portfolio transactions

##### Cancellation

If you exercise any cancellation rights you have, you may not get back the full amount of your investment.

##### Conflicts of Interest

In relation to an investment in a Fund, it should be noted that the ACD, the Investment Manager and other companies within the Ninety One group may, from time to time, act as ACD, management company, investment manager or adviser to other funds, Funds or other client mandates which are competitors to the Fund in question because they follow similar investment objectives to that Fund. It is therefore possible that the ACD and the Investment Manager may in the course of their business dealings have potential conflicts of interest with the Fund. Each of the ACD and the Investment Manager will, however, have regard in such event to their regulatory and contractual obligations and to their overall duty to act in a commercially reasonable manner to act in the best interests of all customers and to treat all customers fairly when undertaking any investment business where potential conflicts of interest may arise.

# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 3. Risk management policies (continued)

#### Counterparty – trading

A Fund may enter into transactions with counterparties, thereby exposing it to the counterparties' credit worthiness and their ability to perform and fulfil their financial obligations (including the timely settlement of trades). This risk may arise at any time a Fund's assets are deposited, extended, committed, invested or otherwise exposed through actual or implied contractual agreements.

In some markets there may be no secure method of delivery against payment which would minimise the exposure to counterparty risk. It may be necessary to make payment on a purchase or delivery on a sale before receipt of securities or, as the case may be, sale proceeds. In this situation, the receipt of securities or sale proceeds by a Fund is dependent on the counterparty fulfilling its own delivery obligation.

When entering derivatives transactions and making use of Efficient Portfolio Management techniques, a Fund may be adversely impacted by conflicts of interest arising from the relationship of the counterparties to the relevant investment manager or another member of the relevant Investment Manager's group of companies.

#### Dilution

In certain circumstances a dilution adjustment may be made on the purchase or sale of Shares. In the case of purchases this will reduce the number of Shares acquired, in the case of sales this will reduce the proceeds. Where a dilution adjustment is not made, existing investors in the Fund in question may suffer dilution which will constrain capital growth. The dilution is triggered based on estimated net flows on the Dealing Day, which may differ from the actual net flows for that day.

#### Liquidity risk – fund investments

A Fund may invest in less liquid securities or securities that subsequently become less liquid and therefore may be difficult to sell under certain circumstances. This could have an adverse impact on the market prices or the ability to realise the asset. Lower liquidity for such securities may be a result of lower liquidity in the asset class in general, such as smaller companies or certain categories of credit, or as a result of specific economic or market events, such as the deterioration in the performance of an issuer.

#### Risk of deferred redemptions

In the case of individual or collective redemptions and/or switches which are in aggregate 10% or more of the net asset value of a Fund on a Dealing Day, the ACD may decide without Shareholder approval to defer redemptions to the Valuation Point on the next Dealing Day (see section 3.11 of the Prospectus). Subject to sufficient liquidity being raised at the next Valuation Point all deals relating to the earlier Valuation Point will be completed before those relating to the later Valuation Point are considered.

#### Risk of market closure

Certain markets in which a Fund invests may not open every Dealing Day. Consequently, the prices at which the Shares may be bought or sold will be based on prices for the underlying investments that are out of date to a greater or lesser extent. This will cause the returns of the Fund to be affected if purchases or sales of Shares are followed immediately by increases or decreases in the prices of the underlying investments. Causes of market closures can be either from differences in normal market trading days, national or localised public holidays or from non-standard market closures imposed as emergency measures.

#### Risk of remittance restrictions

In some countries, the proceeds from the sale of a security, or dividends or other income, which is due to foreign investors, may not be payable, in full or in part, due to governmental or other restrictions. Any such restrictions will reduce the profit potential of a Fund and may lead to losses. Other such risks may include the introduction of unexpected taxation rules. In some circumstances, governmental or regulatory controls may be imposed affecting the efficient movement of capital (e.g. exchange limitations or currency movements/repatriation).

#### Risk of suspension

In certain circumstances, Shareholders' right to redeem, switch or convert Shares (including a sale by way of conversion) may be suspended (see section 3.10 of the Prospectus). This will mean that on a temporary basis Shareholders will not have access to their money.

#### Risks Associated with fund operations

##### Central securities depositories

For the purposes of the UCITS Directive, entrusting the custody of the Company's assets to the operator of a securities settlement system ("SSS") is currently not considered as a delegation by the Depositary and the Depositary would therefore be exempt from its obligation to return an asset lost by an SSS.

##### Custody

Each Fund's assets are safe kept by the Depositary or its sub-custodians (which may not be part of the same group of companies as the Depositary) and Shareholders in a Fund are exposed to the risk of the Depositary or its sub-custodian not being able to fully meet its obligation to return in a short time frame all of the assets held at the Depositary or a sub-custodian in the case of its insolvency. Securities of a Fund will normally be identified in the Depositary's or sub-custodian's books as belonging to the Fund and will be segregated from the Depositary or the sub-custodian's assets. This provides protection for the Fund's assets in the event of the insolvency of either the Depositary or its sub-custodian, but does not exclude the risk that the assets will not be returned promptly in the event of insolvency.

A Fund's assets may also be pooled with the securities of other clients of the Depositary or sub custodian. In this circumstance, if there were problems with the settlement or custody of any security in the pool then, subject to the requirements of COLL, the loss would be spread across all clients in the pool and would not be restricted to the client whose securities were subject to loss.



# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 3. Risk management policies (continued)

In addition, a Fund may be required to place assets outside of the Depositary and the sub-custodian's safekeeping network in order for the Fund to trade in certain markets. In such circumstances the Depositary remains responsible for the proper selection and supervision of the persons safekeeping such assets in the relevant markets. In such markets, Shareholders should note that there may be delays in settlement and/or uncertainty in relation to the ownership of a Fund's investments which could affect the Fund's liquidity and which could lead to investment losses.

The Depositary is liable to a Fund for the loss of an asset held in custody by the Depositary and its sub-custodians. However, the Depositary may have no liability for the loss of an asset where the Depositary can prove that the loss is due to an event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary by the Depositary.

A Fund's cash held on deposit with a Depositary or its sub-custodian is not segregated from the assets of the Depositary or its sub-custodian and is held at the risk of the Fund.

#### Subscale

If a Fund does not reach a sustainable size, this will constrain the Investment Manager from implementing all of the investment decisions that it would like to for the Fund and/or the effect of charges and expenses may be higher than anticipated and the value of the investment consequently reduced. Also, in accordance with the relevant Instrument of Incorporation, a Fund may be liquidated if it does not reach assumed sustainable size and is no longer viable to operate.

#### Fair value pricing

Fair value pricing adjustments may be made to the price of an underlying asset of a Fund, at the absolute discretion of the Board of Directors, to reflect predicted changes in the last available price between the market close and the Valuation Point. There is, however, a risk that this predicted price is not consistent with the subsequent opening price of that security.

#### Fraud

A Fund's assets may be subject to fraud. This includes but is not limited to fraudulent acts at the sub-custodian level such that the sub-custodian does not maintain books and records that reflect the beneficial ownership of the Fund to its assets. Fraud may also arise with regards to counterparty default and/or fraudulent acts of other third parties.

#### Fund legal action

There is no certainty that any legal action taken by a Fund against its service providers, agents, counterparties or other third parties will be successful and Shareholders may not receive compensation in full or at all for any losses incurred. Recourse through the legal system can be lengthy, costly and protracted. Depending on the circumstances, a Fund may decide not to take legal action and/or the Fund may decide to enter into settlement negotiations which may or may not be successful.

#### Higher ongoing charges when investing in funds

Where a Fund invests in other UK or EEA UCITS schemes and/or other funds which are eligible for investment, there may be additional costs of investing in these UCITS/UCIs which may increase the Total Expense Ratio (TER) and/or Ongoing Charges (being a percentage figure shown in the KIID showing the total annual operating costs taken from the assets of the relevant Fund over the period of a year).

#### Liabilities of each company and the funds

As explained in section 2.2.1 of the Prospectus where, under the OEIC Regulations, each Fund within a Company is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between Funds in the same Company, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund in the same Company in every circumstance. However, for the avoidance of doubt there is no liability between Funds in different Companies.

#### Liquidity risk – shareholder activity

Subscriptions, conversions or redemptions of Shares in a Fund may have an impact on the other Shareholders of that Fund, which is commonly known as dilution or concentration.

To match subscriptions, conversions and redemptions of Shares from a Fund, assets may be bought or sold and such transactions may incur costs that the Fund must meet. Where a Fund is forced to buy or sell a significant volume of assets relative to the liquidity normally available in the market, it may affect the price at which those assets are bought or sold (and this may be different from the price at which they are valued), therefore having a dilutive or concentrative impact for the other Shareholders. In addition, the weighting of different holdings within the Fund may change, therefore altering the construction and composition of the Fund. The impact will vary to a lesser or greater extent depending on the volume of transactions, the purchase and sale price of the assets and valuation method used to calculate net asset value of the Fund.

The ACD may at its discretion, but always acting in the best interests of Shareholders, in times of illiquidity, utilise liquidity management tools including, without limitation, the power to defer redemptions and suspend dealing in the Shares of a Fund.

# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 3. Risk management policies (continued)

#### Tax

Tax laws may change without notice and may impose taxes on a retrospective basis, including, without limit, the imposition or increasing of taxes on income and/or unrealised gains which might affect return from a Fund. Taxes may be deducted at source without notice to the Fund and/or the Investment Manager. Tax charged may vary between Shareholders. Tax law and practice may also be unclear, leading to doubt over whether taxes may ultimately become due. Local tax procedures may have the effect of limiting or denying the reclaim of such taxes deducted that might otherwise be available.

#### Third-Party operational (including counterparty – service providers)

Each Fund's operations depend on third parties, either for the purpose of segregating duties, or due to delegation/outsourcing of functions by the Investment Manager. Investors in a Fund may suffer disruption or financial loss in the event of third-party operational failure.

#### Specific risks applicable to the Funds:

##### Risks associated with debt investments

###### Contingent convertibles or CoCos

A Fund may invest in contingent convertibles (CoCos), which are a type of debt security issued by financial institutions. The terms of these securities mean that investors in CoCos may suffer losses prior to investors in the same financial institution which hold securities ranking senior to the CoCo bond holders, as the instruments become loss absorbing upon certain triggering (contingent) events related to the solvency of the issuer. This creates uncertainty about how CoCos may perform under stressed conditions and presents risks over the certainty of future interest payments as well as the potential conversion to equity in such a stress scenario.

###### Credit

Where the value of an investment depends on a party (which could be a company, government or other institution) fulfilling an obligation to pay, there exists a risk that that obligation will not be satisfied. This risk is greater the weaker the financial strength of the party. The Net Asset Value of a Fund could be affected by any actual or feared breach of the party's obligations, while the income of the Fund would be affected only by an actual failure to pay, which is known as a default.

###### Distressed debt

A Fund may invest in distressed debt securities. Investment in such distressed debt securities (which qualify as transferable securities) involves purchases of obligations of companies that are experiencing significant financial or business distress, including companies involved in insolvency or other reorganisation and liquidation proceedings. These assets involve a high risk of capital loss, uncertainty of interest payments and can suffer from poor liquidity.

###### High yield debt securities

High yield debt securities, that is those that are rated BB+ by Standard & Poor's or Ba1 by Moody's or lower, or are unrated, are subject to greater risk of loss of income and principal due to default by the issuer than are higher-rated debt securities. It may also be more difficult to dispose of, or to determine the value of, high yield debt securities.

###### Interest rate

The earnings or market value of a Fund may be adversely affected by changes in interest rates. This risk can be particularly relevant for Funds holding fixed-rate debt securities (such as bonds), since their values may fall and their yields may decrease below prevailing market rates if interest rates rise. Furthermore, Funds holding fixed-rate debt securities with a long time until maturity may be more sensitive to changes in interest rates than shorter-dated debt securities, for example a small rise in long-term interest rates may result in a more than proportionate fall in the price of a long-dated debt security. Low or negative interest rates pose additional risks to a Fund, because low yields on the Fund's portfolio holdings may have an adverse impact on the Fund's ability to provide a positive yield and return for its Shareholders, pay expenses out of Fund's assets, or, at times, preserve capital.

###### Investment grade

Investment grade debt securities, like other types of debt securities, involve credit risk. As such, they are subject to loss of income and/or principal due to default by the issuer, or if their financial circumstances deteriorate. Investment grade debt securities also face the risk that their ratings can be downgraded.

###### Mortgage backed and other asset backed securities

###### Mortgage backed

A mortgage-backed security is a generic term for a debt security backed or collateralised by the income stream from an underlying pool of commercial and/or residential mortgages. As such they are vulnerable to similar risks to traditional fixed income securities as well as specific risks related to the exercise of any optional redemption and mandatory prepayment, the prevailing level of interest rates, the creditworthiness of the underlying mortgage assets and the originator of the security. The market for these investments may be volatile and illiquid, which may make it difficult to buy or sell them, and the secondary market may be smaller than that for more traditional debt securities.

###### Asset Backed

Traditional debt securities typically pay a fixed rate of interest until maturity, when the entire principal amount is due. By contrast, payments on asset-backed securities (ABS) typically include both interest and partial payment of principal. ABS may be affected by changes to prevailing levels of interest rates. Principal may be prepaid voluntarily, or as a result of refinancing or forced repayment. Principal and interest payments may also not be made on time. The nature and timing of these payments may make the return profile less predictable when compared to other fixed income securities and they can increase the volatility of the Fund. The Fund will be vulnerable to specific risks related to the creditworthiness of the underlying assets and the originator of the security. The market for these investments may be volatile and illiquid, which may make it difficult to buy or sell them, and the secondary market may be smaller than that for more traditional debt securities.

# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 3. Risk management policies (continued)

#### CDOs/CLOs

Collateralised Debt Obligations (CDOs) and Collateralised Loan Obligations (CLOs), represent a participation in, or are secured by, a pool of fixed or floating rate debt obligations. These securities are issued in separate classes with different stated maturities that may have different credit and investment profiles. As the debt pool experiences prepayments, the pool pays off investors in classes with shorter maturities first. Prepayments may cause the actual maturity of the securities to be substantially shorter than its stated maturity. Conversely, slower than anticipated prepayments can extend the effective maturities of the securities, subjecting them to a greater risk of decline in market value in response to rising interest rates than traditional debt securities, and, therefore, potentially increasing their volatility. The securities and other instruments with complex or highly variable prepayment terms generally entail greater market, prepayment and liquidity risks than other asset backed securities (ABS). The securities are generally subject to each of the risks discussed under asset-backed (ABS) securities.

#### CLNs

Credit Linked Notes (CLNs) are executed directly with a counterparty rather than through a recognised exchange and are, therefore, not afforded the same protections as instruments trading on recognised exchanges. CLNs carry the default risk of the counterparty as well as the default risk associated with the underlying credit securities and may not have a claim over the underlying assets in the event of a default by the counterparty. Additionally, when compared to the underlying reference securities, a CLN may provide varying returns because of, for example, the terms of the CLN contract, imperfect matching of price points or coupon payments. In times of stress CLNs may become less liquid and more difficult to price.

#### Risks associated with derivative instruments

##### Cash flow

A Fund may have insufficient cash to meet the margin calls necessary to sustain its position in a derivatives contract. This may result in the Fund having to close a position (or sell other securities to raise the cash) at a time and / or on terms that it may otherwise not have done. This could lead to capital losses for the Fund.

##### Credit default swaps and other synthetic securities

A portion of a Fund's investments may consist of credit default swaps and other synthetic securities the reference obligations of which may be leveraged loans, high-yield debt securities or similar securities. Investments in such types of assets through the purchase of credit default swaps and other synthetic securities present risks in addition to those resulting from direct purchases of such investments. With respect to each synthetic security, a Fund will usually have a contractual relationship only with the counterparty of such synthetic security, and not have a direct claim over the underlying securities or direct rights and remedies against the issuer(s) of such securities. In the event of the insolvency of the counterparty, a Fund will be treated as a general creditor of such counterparty, and will not have any claim with respect to the underlying securities. Consequently, a Fund will be subject to the credit risk of the counterparty as well as that of the underlying securities.

Additionally, while the Investment Manager expects that the returns on a synthetic security will generally reflect those of the underlying securities, as a result of the terms of the synthetic security and the assumption of the credit risk of the synthetic security counterparty, a synthetic security may have a different expected return, a different (and potentially greater) probability of default and expected loss characteristics following a default, and a different expected recovery following default. Additionally, when compared to the underlying security, the terms of a synthetic security may provide for different maturities, distribution dates, interest rates, interest rate references, credit exposures, or other credit or noncredit related characteristics. Upon maturity, default, acceleration or any other termination (including a put or call) other than pursuant to a credit event (as defined therein) of the synthetic security, the terms of the synthetic security may permit or require the issuer of such synthetic security to satisfy its obligations by delivering to the relevant Fund securities other than the underlying securities or an amount different than the then current market value of the underlying securities.

##### Derivatives

The use of derivatives may lead to large changes in the value of a Fund and includes the potential for large financial loss if improperly managed.

The value of a derivative typically depends on the value of an underlying asset. The value of the derivative may not be 100% correlated with the value of the underlying asset and therefore a change in the value of the asset may not be matched by a proportionate corresponding change in the value of the derivative.

##### Exchange Derivatives

Futures contracts may have restricted liquidity due to certain exchanges limiting fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". These prevent trades from being executed at prices beyond the daily limits during a single trading day. Also, once the price of a futures contract has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit.

##### Leverage

Where a Fund uses derivatives to create aggregate exposure that is greater than its net assets, this may lead to potentially large financial loss. This also creates the effect that the Fund will have greater exposure to certain risks that are associated with the use of derivatives (e.g. Counterparty Risk – Trading, OTC Derivatives Risk and market risk).

# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 3. Risk management policies (continued)

#### OTC (over the counter) derivative instruments

In general, there is less government regulation and supervision of transactions in OTC markets than of transactions entered into on organised exchanges. OTC derivatives are executed directly with the counterparty rather than through a recognised exchange and clearing house. Counterparties to OTC derivatives are not afforded the same protections as may apply to those trading on recognised exchanges, such as the performance guarantee of a clearing house.

Investments in OTC derivatives may be subject to the risk of differing valuations arising out of different permitted valuation methods. Although the Fund has implemented appropriate valuation procedures to determine and verify the value of OTC derivatives, certain transactions are complex and valuation may only be provided by a limited number of market participants who may also be acting as the counterparty to the transactions. Inaccurate valuation can result in inaccurate recognition of gains or losses and counterparty exposure.

OTC derivatives expose a Fund to the risk that the counterparty will not settle a transaction in accordance with its terms, or will delay the settlement of the transaction, because of a dispute over the terms of the contract (whether or not that dispute is valid) or because of the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. Investors should also refer to the risk factor Counterparty Risk – Trading.

Counterparty risk is generally mitigated by the transfer or pledge of collateral in favour of the relevant Fund. The value of the collateral may fluctuate, however, and it may be difficult to sell (in the case of non cash collateral), so there are no assurances that the value of collateral held will be sufficient to cover the amount owed to the relevant Fund.

EMIR requires certain eligible OTC derivatives to be submitted for clearing to regulated central clearing counterparties and the reporting of certain details to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty risk in respect of OTC derivatives which are not subject to mandatory clearing.

The Funds may enter into OTC derivatives cleared through a clearing house that serves as a CCP. Central clearing is designed to reduce counterparty risk and increase liquidity compared to bilaterally-cleared OTC derivatives, but it does not eliminate the risk completely. The CCP will require margin from the clearing broker which will in turn require margin from the relevant Fund. There is a risk of loss by a Fund of its initial and variation margin deposits in the event of default of the clearing broker with which the Fund has an open position or if margin is not identified and correctly reported to the relevant Fund, in particular where margin is held in an omnibus account maintained by the clearing broker with the CCP. In the event that the clearing broker becomes insolvent, the central counterparty will try to transfer or “port” the Fund’s transactions and assets to another clearing broker or, if this cannot be achieved, the central counterparty will terminate the Fund’s transactions. The early termination of transactions in this context may result in significant losses to the Fund and there may be a considerable delay in the return of any net sum due to the Fund while insolvency proceedings in respect of the clearing broker are ongoing. In the event that other parties in the clearing structure default (e.g. the central counterparty, custodian, settlement agent or any other clearing brokers instructed by the Fund’s clearing broker), the Fund may not receive all of its assets back, suffer material delay and uncertainty around when and how much assets will be returned and its rights may differ depending on the law of the country in which the party is incorporated and the specific protections that party has put in place.

Unlike exchange-traded derivatives, which are standardised with respect to their terms and conditions, OTC derivatives are generally established through negotiation with the other party to the transaction. While this type of arrangement allows greater flexibility to tailor the transaction to the needs of the parties, OTC derivatives may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if the agreement is deemed not to be legally enforceable or not documented correctly. There also may be a legal or documentation risk that the parties may disagree as to the proper interpretation of the terms of the agreement. However, these risks are generally mitigated, to a certain extent, by the use of industry-standard agreements such as those published by the International Swaps and Derivatives Association (ISDA).

#### Short exposure

Where a Fund uses derivatives to create short exposure there is potential for gains to be made when the underlying securities are falling in value, but a loss could be incurred when the underlying security is rising in value. This means the Fund’s performance will be less closely related to the performance of the type of assets in which it will ordinarily invest.

#### Risks associated with emerging market investments

##### China interbank bond market

The China Interbank Bond Market (“CIBM”) is an OTC market (i.e. trades are conducted directly between the buyer and the seller and not on an exchange) that operates outside of the two main stock exchanges in China. On the CIBM, institutional investors trade sovereign, government and corporate bonds.

The main debt instruments traded on the CIBM include government bonds, bond repo, bond lending, People’s Bank of China (“PBOC”) bills, and other financial debt instruments.

The CIBM is regulated and supervised by the PBOC. The PBOC is responsible for, among other things, establishing listing, trading, functioning rules applying to the CIBM and supervising the market operators of the CIBM.

Counterparty and liquidity risk are particularly relevant to trading on the CIBM.

# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 3. Risk management policies (continued)

#### Settlement risk

There are various transaction settlement methods in the CIBM, which involve varying degrees of risk. Although the Investment Manager may be able to negotiate terms which are favourable to the Funds (e.g. requiring simultaneous delivery of security and payment), there is no assurance that settlement risks can be eliminated. Where the counterparty does not perform its obligations under a transaction, the Funds will sustain losses.

#### Risks in relation to RMB fixed income securities using the CIBM direct access

The CIBM Direct Access is the PRC investment program revised in 2016 under which certain foreign institutional investors such as the Funds may invest, without particular license or quota, directly in RMB fixed income securities dealt on the CIBM via an onshore bond settlement agent (the "Bond Settlement Agent").

#### CIBM direct access rules and regulations

Participation in the CIBM Direct Access by foreign institutional investors (such as the Funds) is governed by rules and regulations set by the Mainland Chinese authorities, i.e. the PBOC and the State Administration of Foreign Exchange in China. Such rules and regulations may be amended from time to time (with retrospective effect).

The CIBM Direct Access rules and regulations are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future. In addition, there can be no assurance that the CIBM Direct Access rules and regulations will not be abolished in the future. Funds, which invest in the PRC markets through the CIBM Direct Access, may be adversely affected as a result of any such changes or abolition.

#### Restrictions to remittances and repatriations risk

Certain restrictions may be imposed by the PRC authorities on investors participating in the CIBM Direct Access and/or the Bond Settlement Agent which may have an adverse effect on the Funds' liquidity and performance. Repatriations (moving cash offshore from Mainland China) conducted in RMB are currently permitted daily and are not subject to repatriation restrictions (such as lock-up periods) or prior approval. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. It should also be noted that the actual time required for the completion of the relevant repatriation will be beyond the Investment Manager's control should such restrictions be imposed.

#### Securities and cash accounts

Onshore PRC securities are registered in accordance with the relevant rules and regulations and maintained by the Bond Settlement Agent. Onshore cash will be maintained on a cash account with the Bond Settlement Agent.

Beneficial ownership of RMB securities should be acquired by a Fund through CIBM Direct Access. However, beneficial ownership is an untested concept in the PRC.

Investors should note that cash deposited in the cash account of the Funds with the Bond Settlement Agent will not be segregated but will be a debt owing from the Bond Settlement Agent to the Funds as a depositor. Such cash will be co-mingled with cash belonging to other clients of the Bond Settlement Agent. In the event of bankruptcy or liquidation of the Bond Settlement Agent, the Funds will not have any proprietary rights to the cash deposited in such cash account, and the Funds will become unsecured creditors, ranking on equal footing with all other unsecured creditors, of the Bond Settlement Agent. The Funds may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Funds will suffer losses.

#### Bond settlement agent risk

There is a risk that the Funds may suffer losses, whether direct or consequential, from the acts or omissions in the settlement of any transaction or in the transfer of funds or securities, default, bankruptcy or disqualification of the Bond Settlement Agent.

Such acts, omissions, default or disqualification may also adversely affect the Funds in implementing their investment strategies or disrupt the operations of the Funds, including causing delays in the settlement of any transaction.

In addition, the PBOC is vested with the power to impose regulatory sanctions if the Bond Settlement Agent violates any provision of the CIBM Direct Access rules. Such sanctions may adversely impact on the investment by the Funds through the CIBM Direct Access.

#### China Tax

In common with other Funds, income and gains derived from China may be subject to withholding tax and VAT and relevant surcharges on the VAT. The interpretation and applicability of existing Chinese tax laws may not be as consistent and transparent as those of more developed nations, and may vary from region to region. There is a possibility that the current tax laws, regulations, and practice in China may be changed with retrospective effect in the future. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any of these changes may reduce the income from, and/or value of, the Funds' investments. The Chinese government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-tax profit of Chinese companies and foreign investors in such companies, such as the Funds. There can be no guarantee that future tax laws, regulations, and practice in China will not adversely impact the tax exposure of the Funds and/or their Shareholders.

# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 3. Risk management policies (continued)

The ACD considers that the Funds should be regarded as a UK tax resident and should be able to enjoy a tax exemption on capital gains under the UK-China double tax treaty, although there is no guarantee that the Chinese tax authorities will provide tax treaty relief.

In light of the legal and regulatory uncertainties in China, the Funds reserve the right to make any provision for taxes or to deduct or to withhold an amount on account of taxes (which may be payable by the Funds to the Chinese tax authorities in respect of its investments in China) from assets of the Funds. The amount of provision (if any) will be disclosed in the financial statements of the Funds. In this regard, the Funds have determined that no tax provision will be made on the capital gains derived from PRC investments. Any provision for taxes made by the Funds may be more or less than the Funds' actual Chinese tax liabilities. If the Funds do not set aside enough to meet these tax obligations, then the shortfall may be debited from the Funds' assets to meet its actual Chinese tax liabilities. As a result, the income from, and/or the performance of the Funds may be reduced/adversely affected. The degree of impact on individual Shareholders may vary depending on whether or not the price they paid or received for Shares reflected any difference between the amount the Funds set aside for tax and their actual tax liabilities.

#### China Interbank Bond Market

The Chinese tax authorities have granted VAT exemption on the capital gains derived by qualified non PRC tax residents from the investments through the China Interbank Bond Market with effective from 1 May 2016. In addition, according to the Caishui 2018 No. 108, effective from 7th November 2018 to 6th November 2021, there was a three-year tax exemption (including PRC withholding tax, VAT and local surcharges) on the bond interest income derived from the China Interbank Bond Market by qualified non-PRC tax residents.

#### Bond Connect

According to the Caishui 2018 No. 108, effective from 7th November 2018 to 6th November 2021, there was a three-year tax exemption (including withholding tax, VAT and local surcharges) on bond interest income derived by qualified non PRC tax residents through Bond Connect. Except for the above, there is no specific regulation released regarding the tax treatment on capital gains through Bond Connect. Without further clarification, Chinese tax authorities may levy withholding tax, VAT as well as the surcharges on bond capital gains.

In light of the legal and regulatory uncertainties in China, the Company reserve the right to make any provision for taxes or to deduct or to withhold an amount on account of taxes (which may be payable by the Funds to the Chinese tax authorities in respect of its investments in China) from assets of the Funds. The amount of provision (if any) will be disclosed in the financial statements of the Companies. In this regard, the Company have, as at the date of the Prospectus, determined that no tax provision will be made on the capital gains derived from PRC investments. Any provision for taxes made by the Company may be more or less than the Funds' actual Chinese tax liabilities. If the Funds do not set aside enough to meet these tax obligations, then the shortfall may be debited from the Funds' assets to meet its actual Chinese tax liabilities. As a result, the income from, and/or the performance of the Funds may be reduced/adversely affected and the impact/degree of impact on the individual shareholders may vary, depending on factors such as the level of the Funds' provision for taxes and the amount of the shortfall at the relevant time and when the relevant shareholders subscribed for and/or redeemed their Shares in the Funds.

#### Emerging Markets

Emerging Markets investments may be more volatile and less liquid than investments in developed markets and the investments of a Fund in such markets may be subject to significant delays in settlement. In addition, there may be a higher than usual risk of exchange rate, political, economic, social and religious instability and of adverse changes in government regulations. Some of these markets may not be subject to accounting, auditing and financial reporting standards and practices comparable to those of more developed countries and the securities markets of such markets may be subject to unexpected closure. In addition, there may be less government supervision, legal regulation and less well defined tax laws and procedures than in countries with more developed securities markets.

#### Frontier Market

Frontier markets are considered to be less mature in terms of market size, liquidity and their degree of economic and political stability, may be more volatile and present greater risks than other emerging or developed markets. Some of these markets may be characterised by poor liquidity, narrow economies based on only a few industries, government instability, greater risk of asset expropriation or nationalisation or underdeveloped regulatory systems and corporate governance standards resulting in lower protections for investors. These markets are also more likely to have investment and repatriation restrictions, exchange controls and less developed custodial and settlement systems than other developed and emerging markets. As a result, the relevant Fund may be adversely impacted.

#### Investment in China

Investments in China are particularly exposed to China's economic, social and political system, which may behave differently to other markets, and investments in China may be harder to assess for suitability or risk. China has enjoyed significant economic prosperity in recent years but continued growth cannot be assumed and a decline in China's economic performance may affect a Fund's investment.

Investments in China are subject to State-imposed restrictions, including the operation of trading quotas and currency management; while other State and regulatory intervention may be more unpredictable or intrusive than in other markets. China's laws and regulations relating to securities (including surrounding taxation) are new and evolving, their application is subject to uncertainty, and they may be subject to change in the future. Investments in China may be subject to greater or more frequent rises and falls in value than other markets and may be harder or impossible to buy or sell.

# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 3. Risk management policies (continued)

Accounting and auditing standards in China may also be less rigorous than their international equivalents and this could result in investments being overvalued. Investments held by Chinese brokers may be mixed with other investors' assets or subject to lower safekeeping standards than investments held domestically, which could lead to delays in payment or losses should the broker become insolvent. Chinese investments are denominated in Renminbi and its value may fluctuate widely from other international currencies.

#### Other applicable risks:

Investors should also note the following risk factors, which may be applicable to the Funds, each of which is described in more detail: Accounting, Emerging Markets, Equity Investment, Exchange Rates, Market Action, Market Closure, Political, Settlement and Custody and Tax.

#### QFI Risk

Certain Funds (the "QFI Funds") may invest in securities issued in Mainland China in accordance with their investment objective and policies. Other than risks involved in investments made on a worldwide basis and in emerging markets, as well as other risks of investments generally as described which are applicable to investments in China, investors in the QFI Funds should note the additional specific risks below.

#### Custody risk for investment in China:

The Investment Manager (in its capacity as an QFI) and the Depositary have appointed HSBC China (the "QFI Local Custodian") as custodian to maintain the QFI Funds' assets in custody in China, pursuant to relevant laws and regulations. According to the QFI rules and regulations and market practice, onshore Chinese securities shall be registered "in the full name of the investment manager - the name of the Fund -name of the Sub-Fund" in accordance with these rules and regulations, and maintained by the QFI Local Custodian in electronic form via a securities account with the China Securities Depository and Clearing Corporation Limited. The Depositary will make arrangements to ensure that the QFI Local Custodian has appropriate procedures in place to properly safekeep the QFI Fund's assets including maintaining records that clearly show that such QFI Fund's assets are recorded in the name of that QFI Fund and segregated from the other assets of the QFI Local Custodian. The Chinese regulators have affirmed their recognition of the concepts of nominee holders and beneficiary owners, and the QFI rules and regulations also specify the assets held within an account belong to the client or the fund and should be independent from the assets of the QFI or QFI Local Custodian, despite the registration naming convention of the account. However, this has not been tested in court and such assets may be vulnerable to a claim by creditors or a liquidator of the Investment Manager who incorrectly assume that a QFI Fund's assets belong to the Investment Manager, meaning the assets may not be as well protected as if they were registered solely in the name of the QFI Fund.

Cash shall be maintained in a cash account with the QFI Local Custodian. Investors should note that cash deposited in the cash account of a QFI Fund with the QFI Local Custodian will not be segregated but will be a debt owing from the QFI Local Custodian to that QFI Fund as a depositor. Such cash will be co-mingled with cash that belongs to other clients or creditors of the QFI Local Custodian. In the event of bankruptcy or liquidation of the QFI Local Custodian, a QFI Fund will not have any proprietary rights to the cash deposited in such cash account, and that QFI Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the QFI Local Custodian. The QFI Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the QFI Fund will suffer losses.

#### PRC broker risk:

The Investment Manager also selects the PRC Broker to execute transactions for a QFI Fund in the onshore Chinese markets. Should, for any reason, a QFI Fund's ability to use the relevant PRC Broker be affected, this could disrupt the operations of a QFI Fund. A QFI Fund may also incur losses due to the acts or omissions of the relevant PRC Broker(s) in the execution or settlement of any transaction or in the transfer of any funds or securities. In the event of any default of the relevant PRC Broker (directly or through its delegate) in the execution or settlement of any transaction or in the transfer of any funds or securities in the mainland China, a QFI Fund may encounter delays in recovering its assets which may in turn adversely impact the net asset value of such QFI Fund.

#### QFI regime risk:

Under current Chinese laws and regulations, the QFI Fund's investments in the Chinese securities can only be made by or through an QFI as approved under and subject to applicable Chinese regulatory requirements. The QFI regime is governed by rules and regulations as promulgated by the Mainland Chinese authorities.

Neither the Companies nor the QFI Funds are themselves QFIs, but they may obtain access to the Chinese domestic securities market using the Investment Manager's QFI licence.

Investors should note that QFI status could be suspended or revoked at any time, which may have an adverse effect on an QFI Fund's performance as the Fund may be required to dispose of its securities holdings over a short period. In addition, certain restrictions imposed by the Chinese government on QFIs may have an adverse effect on an RQFII Fund's liquidity and performance.

# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 3. Risk management policies (continued)

The State Administration of Foreign Exchange in China ("SAFE") regulates and monitors the repatriation of funds out of China by an QFI. Repatriations by QFIs in respect of an open-ended fund (such as the QFI Funds) conducted in Renminbi are currently not subject to repatriation restrictions or prior approval, although authenticity and compliance reviews will be conducted, and monthly reports on remittances and repatriations will be submitted to SAFE by the QFI Local Custodian. There is no assurance, however, that the Chinese rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on an QFI Fund's ability to meet redemption requests from Shareholders. Furthermore, as the QFI Local Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the QFI Local Custodian in case of non-compliance with the QFI rules and regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Shareholder as soon as practicable and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Investment Manager's control.

The SAFE may impose regulatory sanctions if the QFI or the QFI Local Custodian violates any provision of the QFI Measures. Any violations could result in the revocation of the QFI's licence or other regulatory sanctions.

Investors should note that there can be no assurance that an QFI will continue to maintain its QFI status or make available its QFI licence or that redemption requests can be processed in a timely manner due to repatriation restrictions or adverse changes in relevant laws or regulations. Such factors may restrict the ability to process subscriptions and/or redemptions in a timely manner. In extreme circumstances, an QFI Fund may incur significant losses due to limited investment capabilities, or inability to fully implement or pursue its investment objective or strategy due to QFI investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.

The current QFI regulations are subject to change, which may take retrospective effect. Their application may depend on the interpretation given by the Mainland Chinese authorities. In addition, there can be no assurance that the QFI regulations will not be abolished. An QFI Fund, which invests in the Chinese domestic securities markets, may be adversely affected as a result of such changes.

#### Stock connect

To the extent that a Fund's investments in China are dealt via Hong Kong Shanghai Stock Connect or Shenzhen Stock Connect ("Stock Connect"), such dealing will be subject to additional risk factors.

Stock Connect is a relatively new trading programme, therefore the relevant rules and regulations are untested and subject to change. Since investments through Stock Connect are subject to certain restrictions (including trading day restrictions, pre-trade checking, eligibility of stock, quota limits and daily trade quotas), investments may be subject to greater or more frequent rises and falls in value and may be harder to buy or sell.

Under Stock Connect, overseas investors such as the investing Funds may invest directly in certain China A shares listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange ("Stock Connect Shares"). The Funds trade Stock Connect Shares through brokers who are Hong Kong Stock exchange participants.

Stock Connect Shares purchased through Stock Connect are uncertified and held in accounts in the Hong Kong Central Clearing and Settlement System maintained by the Hong Kong Securities and Clearing Corporation Limited ("HKSCC"), the central securities depository in Hong Kong. HKSCC in turn holds the legal title to the Stock Connect Shares of all its participants through a nominee omnibus securities account in its name, registered with ChinaClear, the central securities depository in China.

A failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement, or the loss, of Stock Connect Shares and/or monies in connection with them and the Funds may suffer losses as a result.

Foreign investors like the Funds investing through the Stock Connect remain beneficial owners of the Stock Connect Shares and are only eligible to exercise their rights to the Stock Connect Shares in China through the HKSCC nominee.

In the event of a default of ChinaClear, HKSCC through its nominee is likely to seek to recover any outstanding Stock Connect Shares on behalf of the Funds from ChinaClear through available legal channels but it is not obligated to do so. If HKSCC does not enforce claims against ChinaClear the Fund may not be able to recover all of its Stock Connect Shares.

Trading under Stock Connect will not be covered by Hong Kong's Investor Compensation Fund nor the China Securities Investor Protection Fund.

Investors should also consider the Investment in China detailed which applies to investment in China.



# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 3. Risk management policies (continued)

#### Risks associated with equity investments

##### Equity investment

The value of equities and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default, the owners of their equity rank last in terms of any financial payment from that company.

##### Smaller companies

Smaller company shares may be less liquid and more volatile than the shares of larger companies, due to the smaller market capitalisation and the frequently less diversified and less established nature of their businesses. These factors can create a greater potential for significant capital losses.

##### Style Bias

Certain investment strategies adhere to a specific style or overall investment philosophy when selecting investments for a Fund. This can result in particular characteristics (or styles) being exhibited at a fund level, for example value, quality or growth characteristics.

This may result in the portfolios of these Funds being substantially different from broader benchmarks or investment universes, which could in turn result in relative performance deviating significantly from the performance of the broader market for potentially long periods of time.

#### Risks associated with investment strategy

##### Asset allocation

The Funds are subject to the risks of all asset classes included in their asset allocation. To the extent that patterns of correlation or non-correlation among asset classes do not behave as expected, the Funds may experience greater volatility or losses than they otherwise would have.

##### Commodities

Investing in commodity-linked derivative instruments, exchange traded instruments and/or the equity securities of commodity-related companies may subject the Fund to greater volatility than investments in traditional securities. The commodities markets may fluctuate widely based on a variety of factors. Movements in commodity prices are outside of the Fund's control and may not be anticipated by the Investment Manager. Price movements may be influenced by, among other things: governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies; changing market and economic conditions; market liquidity; weather and climate conditions; changing supply and demand relationships; the availability of transportation systems; energy conservation; the success of exploration projects; changes in international balances of payments and trade; domestic and foreign rates of inflation; currency fluctuations; domestic and foreign political and economic events; domestic and foreign interest rates and/or investor expectations concerning interest rates; domestic and foreign governmental regulation and taxation; war, acts of terrorism and other political upheaval and conflicts; governmental expropriation; investment and trading activities of mutual funds, hedge funds and commodities funds. The frequency and magnitude of such changes are unpredictable.

##### Concentration

A Fund which invests in a concentrated portfolio of holdings may be more volatile than more broadly diversified funds.

##### Income Priority

Where a Fund gives priority to income over capital growth this may constrain the rate of future capital and income growth.

##### Sector and / or geographical

A Fund that restricts investment to a small number of related sectors and / or geographical locations will be subject to risks specific to those sectors and/or locations and may decline even while broader based market indices are rising.

##### Sustainable strategies

Sustainable, impact or other environmental, social and governance (ESG) focused funds consider specific factors related to their strategies in assessing and selecting investments. As a result, they will exclude certain industries and companies that do not meet their criteria. This may result in their portfolios being substantially different from broader benchmarks or investment universes, which could in turn result in relative investment performance deviating significantly from the performance of the broader market.

#### American Franchise Fund

Concentration  
Derivatives  
Equity Investment  
Sector and / or Geographical  
Style Bias

#### Asia Pacific Franchise Fund

China tax  
Concentration  
Derivatives  
Emerging Markets  
Equity Investment  
Frontier Market Risk  
Investment in China  
Sector and / or Geographical  
Stock Connect  
Style Bias

# Ninety One Fund Series ii

## Notes to the Financial Statements of the Company (continued) For the year ended 31 December 2023

### 3. Risk management policies (continued)

#### Global Strategic Equity Fund

China tax  
Derivatives  
Emerging Markets  
Equity Investment  
Investment in China  
Stock Connect

#### Global Total Return Credit Fund

China Interbank Bond Market  
China tax  
CIBM Direct Access  
Contingent Convertibles or CoCos  
Credit  
Credit Default Swaps and Other Synthetic Securities  
Derivatives  
Emerging Markets  
High Yield Debt Securities  
Investment Grade  
Investment in China  
Leverage  
Mortgage Backed and Other Asset Backed Securities  
OTC Derivative Instruments

### 4. Dilution adjustment

A dilution adjustment may be applied at the ACD's discretion to all purchases, sales and switches of shares where the impact of the net deals is believed to have a material effect. A dilution adjustment or levy is a method to ensure fair treatment between investors joining or remaining in a Fund. We reserve the right to levy a dilution adjustment on any deals. The price of the shares of a Fund may be adjusted to protect its value from being reduced in the case of larger scale movements into or out of the Fund.

Full details on the ACD policy for dilution adjustment can be found in the Prospectus.

We hereby certify the ACD's Report and Financial Statements on behalf of the Directors of Ninety One Fund Managers UK Limited.

#### J. Green

Director of the  
ACD

11 April 2024

#### N. Smith

Director of the ACD

# American Franchise Fund

## Statement of Total Return

For the year ended 31 December 2023

	Note	01.01.23 to 31.12.23		01.01.22 to 31.12.22	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains/(losses)	4		121,800		(87,569)
Revenue	6	3,901		3,885	
Expenses	7	(6,103)		(6,137)	
Interest payable and similar charges		(1)		(1)	
Net expense before taxation		(2,203)		(2,253)	
Taxation	8	(621)		(575)	
Net expense after taxation			(2,824)		(2,828)
<b>Total return before distribution</b>			<b>118,976</b>		<b>(90,397)</b>
Distribution	9		(56)		(52)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>118,920</b>		<b>(90,449)</b>

## Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

		01.01.23 to 31.12.23		01.01.22 to 31.12.22	
		£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>			<b>491,403</b>		<b>660,973</b>
Amounts receivable on creation of shares		51,300		38,204	
Amounts payable on cancellation of shares		(66,045)		(117,376)	
			(14,745)		(79,172)
Change in net assets attributable to shareholders from investment activities			118,920		(90,449)
Retained distributions on accumulation shares			56		51
<b>Closing net assets attributable to shareholders</b>			<b>595,634</b>		<b>491,403</b>

## Balance Sheet

As at 31 December 2023

	Note	31.12.23		31.12.22	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments assets			585,260		490,222
Current assets					
Debtors	10	897		426	
Cash and bank balances		10,180		2,200	
Total other assets			11,077		2,626
<b>Total assets</b>			<b>596,337</b>		<b>492,848</b>
<b>Liabilities</b>					
Creditors					
Other creditors	11	703		1,445	
<b>Total liabilities</b>			<b>703</b>		<b>1,445</b>
<b>Net assets attributable to shareholders</b>			<b>595,634</b>		<b>491,403</b>

Notes to the financial statements are on pages 68 to 72.

# American Franchise Fund

## Notes to the Financial Statements

### For the year ended 31 December 2023

#### 1. Accounting policies

The Accounting policies for the Fund are disclosed in the notes to the financial statements on page 51.

#### 2. Distribution policies

The Distribution policies for the Fund are disclosed in the notes to the financial statements on page 52.

#### 3. Risk management policies

The Risk management policies for the Fund are disclosed in the notes to the financial statements on pages 51 to 66.

#### 4. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
(Losses)/gains on foreign exchange	(120)	550
Forward currency contracts	30	(87)
Non-derivative securities	121,925	(88,002)
Transaction charges	(41)	(30)
Class Action	6	-
<b>Net capital gains/(losses)</b>	<b>121,800</b>	<b>(87,569)</b>

#### 5. Purchases, sales and transaction costs

Analysis of total trade costs

	Purchases		Sales	
	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Equities	95,004	79,047	121,828	153,880
Collective investment schemes	50,148	7,944	50,343	7,943
<b>Trades excluding transaction costs</b>	<b>145,152</b>	<b>86,991</b>	<b>172,171</b>	<b>161,823</b>
<b>Commissions</b>				
Equities	23	15	(29)	(35)
<b>Taxes</b>				
Equities	78	-	(1)	(3)
<b>Total costs</b>	<b>101</b>	<b>15</b>	<b>(30)</b>	<b>(38)</b>
<b>Net trades in the year after transaction costs</b>	<b>145,253</b>	<b>87,006</b>	<b>172,141</b>	<b>161,785</b>

Total transaction cost expressed as a percentage of asset type cost

	Purchases		Sales	
	31.12.23 %	31.12.22 %	31.12.23 %	31.12.22 %
<b>Commissions</b>				
Equities	0.02	0.02	0.02	0.02
<b>Taxes</b>				
Equities	0.08	-	-	-

Total transaction cost expressed as a percentage of average net asset value

	31.12.23 %	31.12.22 %
Commissions	0.01	-
Taxes	0.01	-
<b>Total costs</b>	<b>0.02</b>	<b>-</b>

#### Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.03% (31.12.22: 0.03%).

# American Franchise Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 6. Revenue

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Bank interest	104	64
Overseas dividends	3,569	3,821
UK dividends	228	-
<b>Total revenue</b>	<b>3,901</b>	<b>3,885</b>

### 7. Expenses

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
<b>Payable to the ACD or associates of the ACD, and agents of either of them:</b>		
ACD fee	5,628	5,690
General administration charge (GAC)	456	433
	6,084	6,123
<b>Payable to the Depositary or associates of the Depositary, and agents of either of them:</b>		
Safe custody fee	24	29
	24	29
<b>Other expenses:</b>		
Professional fees	5	-
VAT refund	(10)	(15)
	(5)	(15)
<b>Total expenses</b>	<b>6,103</b>	<b>6,137</b>

Please refer to the Prospectus for a full description of expenses covered by the GAC.

The audit fee for the year is £11,545 (31.12.22: £10,700).

VAT is currently recovered in respect of certain expenses paid under the GAC.

### 8. Taxation

#### (a) Analysis of the tax charge in the year:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Overseas tax	621	575
<b>Current tax charge</b>	<b>621</b>	<b>575</b>
Deferred tax charge (note 8(c))	-	-
<b>Total tax charge (note 8(b))</b>	<b>621</b>	<b>575</b>

#### (b) Factors affecting current tax charge for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in the UK for an authorised OEIC (20% (31.12.22: 20%). The differences are explained below:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Net expense before taxation	(2,203)	(2,253)
Corporation tax of 20%	(441)	(451)
<b>Effects of:</b>		
Movement in excess management expenses	1,200	1,215
Overseas tax	621	575
Revenue not subject to taxation	(759)	(764)
<b>Total tax charge (note 8(a))</b>	<b>621</b>	<b>575</b>

# American Franchise Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 8. Taxation (continued)

#### (c) Provision for deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

#### (d) Factors affecting future tax charge:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £12,075,000 (2022: £10,875,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

### 9. Distribution

The Distribution takes account of equalisation received on the creation of shares and deducted on the cancellation of shares, and comprises:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Final	56	50
<b>Add:</b> Equalisation deducted on cancellation of shares	3	4
<b>Less:</b> Equalisation received on creation of shares	(3)	(2)
<b>Net distribution for the year</b>	<b>56</b>	<b>52</b>

The net distribution for the year is represented by:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Net expense after taxation	(2,824)	(2,828)
Shortfall of income transferred from capital	2,880	2,880
<b>Net distribution for the year</b>	<b>56</b>	<b>52</b>

### 10. Debtors

	31.12.23 £'000	31.12.22 £'000
Accrued dividends and bank interest	128	115
Amounts receivable for creation of shares	564	59
Overseas tax recoverable	200	252
Unrealised currency hedge	5	-
	<b>897</b>	<b>426</b>

### 11. Other creditors

	31.12.23 £'000	31.12.22 £'000
Amounts payable for cancellation of shares	57	942
Accrued ACD fees	516	441
Accrued general administration charge (GAC)	49	33
Accrued safe custody fee	25	9
Accrued transaction charges	56	20
	<b>703</b>	<b>1,445</b>

### 12. Capital commitments and contingent liabilities

The Fund had no contingent liabilities or capital commitments at the year end date (31.12.22: Nil).

### 13. Related party transactions

Ninety One Fund Managers UK Limited, as Authorised Corporate Director (ACD), is a related party, and acts as a principal in respect of all transactions of shares in the Company. The aggregate monies received through issues and paid on cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets.

In accordance with the prospectus the ACD collects from the Fund, a general administration charge (GAC), ACD fees and safe custody fees. Please refer to notes 7, 11 and 15 for further details.

Any amounts due to/from Ninety One Fund Managers UK Limited at the end of the accounting year are disclosed in notes 10 and 11.

The ACD and its associates held 0.43% of the sub-fund at year end date (31.12.22: nil%).

# American Franchise Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 14. Dilution adjustment

Please refer to note 4 of the notes to the financial statements of the company for a detailed description of dilution adjustment.

### 15. ACD Fee and charges

The different level of ACD fees payable per annum as at 31 December 2023 for each share class is detailed below:

	31.12.23	31.12.22
'A' Shares	1.50%	1.50%
'B' Shares	1.25%	1.25%
'I' Shares	0.75%	0.75%
'J' Shares <sup>1</sup>	0.60%	–
'M' Shares <sup>1</sup>	0.45%	–
'R' Shares	1.00%	1.00%
'S' Shares	0.00%	0.00%

<sup>1</sup> Classes launched on 14 December 2023.

The GAC is charged at up to 0.12% (31.12.22: 0.08%) of the Net Asset Value of each share class.

All shares within the sub-fund have the same rights on winding up.

### Reconciliation of the shares movement in the year:

	31.12.22 Opening number shares in issue	Creations	Cancellations	Shares converted	31.12.23 Closing number shares in issue
'A' Class (Accumulation shares)	19,860,844	2,169,837	(2,052,350)	(901,752)	19,076,579
'A' Class (GBP Hedged Accumulation shares)	162,068	29,005	(6,280)	(1,801)	182,992
'A' Class (USD Accumulation shares)	11,884,706	83,755	(201,591)	–	11,766,870
'B' Class (Accumulation shares)	779,366	589	(49,184)	(132,274)	598,497
'I' Class (Accumulation shares)	62,507,447	6,894,180	(10,184,759)	1,492,205	60,709,073
'J' Class (Accumulation shares) <sup>1</sup>	–	10,000	–	–	10,000
'M' Class (Accumulation shares) <sup>1</sup>	–	10,000	–	–	10,000
'R' Class (Accumulation shares)	1,830,906	23,190	(71,410)	10,442	1,793,128
'S' Class (Accumulation shares)	1,792,104	184,477	(233,109)	–	1,743,472
'S' Class (USD Accumulation shares)	10,000	–	–	–	10,000

<sup>1</sup> Classes launched on 14 December 2023.

### 16. Risk consideration

Please refer to note 3 of the notes to the financial statements of the company for a detailed description of the risk considerations. There are no further specific risks for this Fund.

The Fund's currency exposure as at 31 December 2023 was:

Currency	Currency exposure	
	Total 31.12.23 £'000	Total 31.12.22 £'000
Euro currency	(7)	–
Sterling	13,955	(1,203)
Swedish krona	5	5
Swiss franc	15,802	14,387
US dollar	565,879	478,214
<b>Total</b>	<b>595,634</b>	<b>491,403</b>

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by 10% (31.12.22: increased by 10.02%). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by 10% (31.12.22: decreased by 10.02%). These calculations assume all other variables remain constant.

### Interest rate risk profile of financial assets and liabilities as at 31 December 2023 was as follows:

The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. Therefore, the fund's exposure to interest rate risk is not considered to be significant.

# American Franchise Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 17. Fair value

Valuation technique	31.12.23		31.12.22	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	585,260	-	490,222	-
Level 2	-	-	-	-
Level 3	-	-	-	-
<b>Total fair value</b>	<b>585,260</b>	<b>-</b>	<b>490,222</b>	<b>-</b>

The three levels of the fair value hierarchy under FRS 102 are as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).



# American Franchise Fund

## Distribution Table

For the year ended 31 December 2023

### Final distribution payable 29 February 2024

Group 1 – Shares purchased before 1 January 2023

Group 2 – Shares purchased between 1 January and 31 December 2023

	Net Income pence	Equalisation pence	Distribution payable 29.02.24 pence	Distribution paid 28.02.23 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>'A' Class (GBP Hedged Accumulation shares)</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>'B' Class (Accumulation shares)</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>'I' Class (Accumulation shares)</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>'J' Class (Accumulation shares)*</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>'M' Class (Accumulation shares)*</b>				
Group 1	0.0306	-	0.0306	-
Group 2	-	0.0306	0.0306	-
<b>'R' Class (Accumulation shares)</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>'S' Class (Accumulation shares)</b>				
Group 1	3.2089	-	3.2089	2.8127
Group 2	1.5992	1.6097	3.2089	2.8127
	Net Income US cent	Equalisation US cent	Distribution payable 29.02.24 US cent	Distribution paid 28.02.23 US cent
<b>'A' Class (USD Accumulation shares)</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>'S' Class (USD Accumulation shares)</b>				
Group 1	0.5266	-	0.5266	0.4375
Group 2	0.5266	-	0.5266	0.4375

\* Launched 14 December 2023.

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all 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 but must be deducted from the cost of shares for capital gains tax purposes.

## Asia Pacific Franchise Fund

### Statement of Total Return

For the year ended 31 December 2023

	Note	01.01.23 to 31.12.23		01.01.22 to 31.12.22	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital losses	4		(9,621)		(32,597)
Revenue	6	3,026		3,708	
Expenses	7	(1,965)		(2,390)	
Interest payable and similar charges		(10)		(1)	
Net revenue before taxation		1,051		1,317	
Taxation	8	(131)		(449)	
Net revenue after taxation			920		868
<b>Total return before distribution</b>			<b>(8,701)</b>		<b>(31,729)</b>
Distribution	9		(907)		(1,146)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(9,608)</b>		<b>(32,875)</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

		01.01.23 to 31.12.23		01.01.22 to 31.12.22	
		£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>			<b>216,621</b>		<b>292,062</b>
Amounts receivable on creation of shares		48,065		25,257	
Amounts payable on cancellation of shares		(110,401)		(68,874)	
			(62,336)		(43,617)
Dilution adjustment			61		-
Change in net assets attributable to shareholders from investment activities			(9,608)		(32,875)
Retained distributions on accumulation shares			694		1,051
<b>Closing net assets attributable to shareholders</b>			<b>145,432</b>		<b>216,621</b>

### Balance Sheet

As at 31 December 2023

	Note	31.12.23		31.12.22	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments assets			135,961		214,201
Current assets					
Debtors	10	836		2,011	
Cash and bank balances	11	10,753		1,241	
Total other assets			11,589		3,252
<b>Total assets</b>			<b>147,550</b>		<b>217,453</b>
<b>Liabilities</b>					
Provisions for liabilities	12		331		538
Creditors					
Other creditors	12	1,787		294	
Total other liabilities			1,787		294
<b>Total liabilities</b>			<b>2,118</b>		<b>832</b>
<b>Net assets attributable to shareholders</b>			<b>145,432</b>		<b>216,621</b>

Notes to the financial statements are on pages 75 to 90.

# Asia Pacific Franchise Fund

## Notes to the Financial Statements

### For the year ended 31 December 2023

#### 1. Accounting policies

The Accounting policies for the Fund are disclosed in the notes to the financial statements on page 51.

#### 2. Distribution policies

The Distribution policies for the Fund are disclosed in the notes to the financial statements on page 52.

#### 3. Risk management policies

The Risk management policies for the Fund are disclosed in the notes to the financial statements on pages 51 to 66.

#### 4. Net capital losses

The net capital losses during the year comprise:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Losses on foreign exchange	(328)	(94)
Derivative contracts	1,595	-
Non-derivative securities	(10,880)	(32,477)
Transaction charges	(7)	(26)
Compensation	(1)	-
<b>Net capital losses</b>	<b>(9,621)</b>	<b>(32,597)</b>

#### 5. Purchases, sales and transaction costs

Analysis of total trade costs

	Purchases		Sales	
	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Equities	126,606	33,134	208,201	77,133
Collective investment schemes	37,775	13,085	24,207	13,056
<b>Trades excluding transaction costs</b>	<b>164,381</b>	<b>46,219</b>	<b>232,408</b>	<b>90,189</b>
<b>Commissions</b>				
Equities	47	18	(76)	(33)
<b>Taxes</b>				
Equities	72	19	(177)	(84)
<b>Total costs</b>	<b>119</b>	<b>37</b>	<b>(253)</b>	<b>(117)</b>
<b>Net trades in the year after transaction costs</b>	<b>164,500</b>	<b>46,256</b>	<b>232,155</b>	<b>90,072</b>

Total transaction cost expressed as a percentage of asset type cost

	Purchases		Sales	
	01.01.23 to 31.12.23 %	01.01.22 to 31.12.22 %	01.01.23 to 31.12.23 %	01.01.22 to 31.12.22 %
<b>Commissions</b>				
Equities	0.04	0.05	0.04	0.04
<b>Taxes</b>				
Equities	0.06	0.06	0.09	0.11

Total transaction cost expressed as a percentage of average net asset value

	01.01.23 to 31.12.23 %	01.01.22 to 31.12.22 %
Commissions	0.06	0.02
Taxes	0.13	0.04
<b>Total costs</b>	<b>0.19</b>	<b>0.06</b>

#### Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.12% (31.12.22: 0.13%).

# Asia Pacific Franchise Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 6. Revenue

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Bank interest	38	5
Overseas dividends	2,988	3,703
<b>Total revenue</b>	<b>3,026</b>	<b>3,708</b>

### 7. Expenses

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
<b>Payable to the ACD or associates of the ACD, and agents of either of them:</b>		
ACD fee	1,691	2,086
General administration charge (GAC)	161	186
	<b>1,852</b>	<b>2,272</b>
<b>Payable to the Depositary or associates of the Depositary, and agents of either of them:</b>		
Safe custody fee	114	127
	<b>114</b>	<b>127</b>
<b>Other expenses:</b>		
Professional fees	2	–
VAT refund	(8)	(12)
Out of pocket expenses	5	3
	(1)	(9)
<b>Total expenses</b>	<b>1,965</b>	<b>2,390</b>

Please refer to the Prospectus for a full description of expenses covered by the GAC.

The audit fee for the year is £11,545 (31.12.22: £10,700).

VAT is currently recovered in respect of certain expenses paid under the GAC.

### 8. Taxation

#### (a) Analysis of the tax charge in the year:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Overseas tax	216	243
Capital Gains Tax	(85)	206
<b>Current tax charge</b>	<b>131</b>	<b>449</b>
Deferred tax charge (note 8(c))	–	–
<b>Total tax charge (note 8(b))</b>	<b>131</b>	<b>449</b>

# Asia Pacific Franchise Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 8. Taxation (continued)

#### (b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised OEIC (20%) (31.12.22: 20%). The differences are explained below:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Net revenue before taxation	1,051	1,317
Corporation tax of 20%	210	263
<b>Effects of:</b>		
Movement in excess management expenses	390	477
Overseas tax	216	244
Revenue not subject to taxation	(600)	(741)
Capital gains tax	(85)	206
<b>Total tax charge (note 8(a))</b>	<b>131</b>	<b>449</b>

#### (c) Provision for deferred taxation:

There is a deferred tax liability as at the Balance Sheet date of £331,000 due to Indian Capital Gain Tax (2022: £538,000).

#### (d) Factors affecting future tax charge:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £7,200,000 (2022: £6,810,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

### 9. Distribution

The Distribution takes account of equalisation received on the creation of shares and deducted on the cancellation of shares, and comprises:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Final	694	1,051
<b>Add:</b> Equalisation deducted on cancellation of shares	234	131
<b>Less:</b> Equalisation received on creation of shares	(21)	(36)
<b>Net distribution for the year</b>	<b>907</b>	<b>1,146</b>

The net distribution for the year is represented by:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Net revenue after taxation	920	868
Equalisation on conversion of shares	14	2
Capital gains tax	(85)	206
Revenue deficit	58	70
<b>Net distribution for the year</b>	<b>907</b>	<b>1,146</b>

### 10. Debtors

	31.12.23 £'000	31.12.22 £'000
Accrued dividends and bank interest	175	215
Amounts receivable for creation of shares	214	237
Overseas tax recoverable	18	24
Sales awaiting settlement	429	1,535
	<b>836</b>	<b>2,011</b>

# Asia Pacific Franchise Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 11. Cash and bank balances

	31.12.23 £'000	31.12.22 £'000
Cash and bank balances	9,090	1,241
Amount held at futures clearing houses and brokers	1,663	–
	<b>10,753</b>	<b>1,241</b>

### 12. Other creditors

	31.12.23 £'000	31.12.22 £'000
Amounts payable for cancellation of shares	169	64
Purchases awaiting settlement	1,363	–
Accrued ACD fees	108	160
Accrued general administration charge (GAC)	12	15
Accrued safe custody fee	116	42
Accrued transaction charges	19	13
	<b>1,787</b>	<b>294</b>

### Provision for liabilities

	31.12.23 £'000	31.12.22 £'000
Deferred tax liability	331	538
	<b>331</b>	<b>538</b>

### 13. Capital commitments and contingent liabilities

The Fund had no contingent liabilities or capital commitments at the year end date (31.12.22: Nil).

### 14. Related party transactions

Ninety One Fund Managers UK Limited, as Authorised Corporate Director (ACD), is a related party, and acts as a principal in respect of all transactions of shares in the Company. The aggregate monies received through issues and paid on cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets.

In accordance with the Prospectus the ACD collects from the Fund, a general administration charge (GAC), ACD fees and safe custody fees. Please refer to notes 7, 12 and 16 for further details.

Any amounts due to/from Ninety One Fund Managers UK Limited at the end of the accounting year are disclosed in notes 10 and 12.

The ACD and its associates held nil% of the sub-fund at year end date (31.12.22: nil%).

### 15. Dilution adjustment

Please refer to note 4 of the notes to the financial statements of the company for a detailed description of dilution adjustment.

# Asia Pacific Franchise Fund

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2023

#### 16. ACD Fee and charges

The different level of ACD fees payable per annum as at 31 December 2023 for each share class is detailed below:

	31.12.23	31.12.22
'A' Shares	1.50%	1.50%
'B' Shares	1.25%	1.25%
'I' Shares	0.75%	0.75%
'J' Shares	0.65%	0.65%
'R' Shares	1.00%	1.00%

The GAC is charged at up to 0.12% (31.12.22: 0.08%) of the Net Asset Value of each share class.

All shares within the sub-fund have the same rights on winding up.

#### Reconciliation of the shares movement in the year:

	31.12.22 Opening number shares in issue	Creations	Cancellations	Shares converted	31.12.23 Closing number shares in issue
'A' Class (Accumulation shares)	4,812,829	146,171	(816,376)	(540,176)	3,602,448
'B' Class (Accumulation shares)	32,383	-	(714)	(1,493)	30,176
'I' Class (Accumulation shares)	33,455,679	10,883,720	(24,063,040)	1,077,154	21,353,513
'J' Class (Accumulation shares)	34,833,541	2,509,123	(11,516,737)	64,266	25,890,193
'R' Class (Accumulation shares)	7,391,115	24,025	(504,406)	(40,285)	6,870,449

#### 17. Risk consideration

Please refer to note 3 of the notes to the financial statements of the company for a detailed description of the risk considerations. There are no further specific risks for this Fund.

The Fund's currency exposure as at 31 December 2023 was:

Currency	Currency exposure	
	31.12.23 Total £'000	31.12.22 Total £'000
Australian dollar	1,834	32,850
Chinese yuan	(4,900)	8,332
Chinese yuan (offshore)	17,888	27,606
Euro	12	5,031
Hong Kong dollar	40,763	67,893
Indian rupee	22,576	14,092
Singapore dollar	4	5
South Korean won	14,602	14,586
Sterling	3,257	(550)
Taiwan dollar	27,676	18,598
US dollar	20,820	22,249
Vietnamese dong	900	5,929
<b>Total</b>	<b>145,432</b>	<b>216,621</b>

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by 6.71% (31.12.22: 10.03%). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by 6.71% (31.12.22: 10.03%). These calculations assume all other variables remain constant.

#### Interest rate risk profile of financial assets and liabilities as at 31 December 2023 was as follows:

The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. Therefore, the fund's exposure to interest rate risk is not considered to be significant.

# Asia Pacific Franchise Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 18. Fair value

Valuation technique	31.12.23		31.12.22	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	122,556	-	214,201	-
Level 2	13,405	-	-	-
Level 3	-	-	-	-
<b>Total fair value</b>	<b>135,961</b>	<b>-</b>	<b>214,201</b>	<b>-</b>

The three levels of the fair value hierarchy under FRS 102 are as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).



## Asia Pacific Franchise Fund

### Distribution Table

For the year ended 31 December 2023

#### Final distribution payable 29 February 2024

Group 1 – Shares purchased before 1 January 2023

Group 2 – Shares purchased between 1 January and 31 December 2023

	Net Income pence	Equalisation pence	Distribution payable 29.02.24 pence	Distribution paid 28.02.23 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	–	–	–	–
Group 2	–	–	–	–
<b>'B' Class (Accumulation shares)</b>				
Group 1	5.1642	–	5.1642	6.6217
Group 2	5.1642	–	5.1642	6.6217
<b>'I' Class (Accumulation shares)</b>				
Group 1	2.1952	–	2.1952	2.2383
Group 2	1.9776	0.2176	2.1952	2.2383
<b>'J' Class (Accumulation shares)</b>				
Group 1	0.6820	–	0.6820	0.7047
Group 2	0.3694	0.3126	0.6820	0.7047
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.6902	–	0.6902	0.7350
Group 2	0.4602	0.2300	0.6902	0.7350

#### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all 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 but must be deducted from the cost of shares for capital gains tax purposes.

# Global Strategic Equity Fund

## Statement of Total Return

For the year ended 31 December 2023

	Note	01.01.23 to 31.12.23		01.01.22 to 31.12.22	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains/(losses)	4		41,100		(67,953)
Revenue	6	6,131		7,274	
Expenses	7	(3,299)		(3,618)	
Interest payable and similar charges		(3)		(2)	
Net revenue before taxation		2,829		3,654	
Taxation	8	(691)		(847)	
Net revenue after taxation			2,138		2,807
<b>Total return before distribution</b>			<b>43,238</b>		<b>(65,146)</b>
Distribution	9		(2,224)		(2,809)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>41,014</b>		<b>(67,955)</b>

## Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

		01.01.23 to 31.12.23		01.01.22 to 31.12.22	
		£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>			<b>279,946</b>		<b>389,843</b>
Amounts receivable on creation of shares		7,258		12,074	
Amounts payable on cancellation of shares		(37,308)		(56,499)	
			(30,050)		(44,425)
Change in net assets attributable to shareholders from investment activities			41,014		(67,955)
Retained distributions on accumulation shares			2,119		2,483
<b>Closing net assets attributable to shareholders</b>			<b>293,029</b>		<b>279,946</b>

## Balance Sheet

As at 31 December 2023

	Note	31.12.23		31.12.22	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments assets			289,598		273,560
Current assets					
Debtors	10	262		714	
Cash and bank balances		3,996		6,639	
Total other assets			4,258		7,353
<b>Total assets</b>			<b>293,856</b>		<b>280,913</b>
<b>Liabilities</b>					
Creditors					
Bank overdrafts			-	514	
Other creditors	11	827		453	
<b>Total liabilities</b>			<b>827</b>		<b>967</b>
<b>Net assets attributable to shareholders</b>			<b>293,029</b>		<b>279,946</b>

Notes to the financial statements are on pages 83 to 88.

# Global Strategic Equity Fund

## Notes to the Financial Statements

### For the year ended 31 December 2023

#### 1. Accounting policies

The Accounting policies for the Fund are disclosed in the notes to the financial statements on page 51.

#### 2. Distribution policies

The Distribution policies for the Fund are disclosed in the notes to the financial statements on page 52.

#### 3. Risk management policies

The Risk management policies for the Fund are disclosed in the notes to the financial statements on pages 51 to 66.

#### 4. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
(Losses)/gains on foreign exchange	(509)	799
Forward currency contracts	141	(4,302)
Non-derivative securities	41,530	(64,396)
Transaction charges	(62)	(54)
<b>Net capital gains/(losses)</b>	<b>41,100</b>	<b>(67,953)</b>

#### 5. Purchases, sales and transaction costs

Analysis of total trade costs

	Purchases		Sales	
	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Equities	219,168	166,826	244,729	207,893
<b>Trades excluding transaction costs</b>	<b>219,168</b>	<b>166,826</b>	<b>244,729</b>	<b>207,893</b>
<b>Commissions</b>				
Equities	75	59	(83)	(70)
<b>Taxes</b>				
Equities	164	123	(48)	(49)
<b>Total costs</b>	<b>239</b>	<b>182</b>	<b>(131)</b>	<b>(119)</b>
<b>Net trades in the year after transaction costs</b>	<b>219,407</b>	<b>167,008</b>	<b>244,598</b>	<b>207,774</b>

Total transaction cost expressed as a percentage of asset type cost

	Purchases		Sales	
	01.01.23 to 31.12.23 %	01.01.22 to 31.12.22 %	01.01.23 to 31.12.23 %	01.01.22 to 31.12.22 %
<b>Commissions</b>				
Equities	0.03	0.04	0.03	0.03
<b>Taxes</b>				
Equities	0.07	0.07	0.02	0.02

Total transaction cost expressed as a percentage of average net asset value

	31.12.23 %	31.12.22 %
Commissions	0.05	0.04
Taxes	0.07	0.05
<b>Total costs</b>	<b>0.12</b>	<b>0.09</b>

#### Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.08% (31.12.22: 0.08%).

# Global Strategic Equity Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 6. Revenue

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Bank interest	189	62
Overseas dividends	5,264	6,813
UK dividends	678	399
<b>Total revenue</b>	<b>6,131</b>	<b>7,274</b>

### 7. Expenses

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
<b>Payable to the ACD or associates of the ACD, and agents of either of them:</b>		
ACD fee	3,015	3,327
General administration charge (GAC)	248	253
	3,263	3,580
<b>Payable to the Depositary or associates of the Depositary, and agents of either of them:</b>		
Hedge fees	1	6
Safe custody fee	43	43
	44	49
<b>Other expenses:</b>		
Professional fees	3	-
VAT refund	(11)	(12)
Out of pocket expenses	-	1
	(8)	(11)
<b>Total expenses</b>	<b>3,299</b>	<b>3,618</b>

Please refer to the Prospectus for a full description of expenses covered by the GAC.

The audit fee for the year is £11,545 (31.12.22: £10,700).

VAT is currently recovered in respect of certain expenses paid under the GAC.

### 8. Taxation

(a) Analysis of the tax charge in the year:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Overseas tax	691	847
<b>Current tax charge</b>	<b>691</b>	<b>847</b>
Deferred tax charge (note 8(c))	-	-
<b>Total tax charge (note 8(b))</b>	<b>691</b>	<b>847</b>

# Global Strategic Equity Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 8. Taxation (continued)

#### (b) Factors affecting current tax charge for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in the UK for an authorised OEIC (20%) (31.12.22: 20%). The differences are explained below:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Net revenue before taxation	2,829	3,654
Corporation tax of 20%	566	731
<b>Effects of:</b>		
Movement in excess management expenses	623	711
Overseas tax	691	847
Revenue not subject to taxation	(1,189)	(1,442)
<b>Total tax charge (note 8(a))</b>	<b>691</b>	<b>847</b>

#### (c) Provision for deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

#### (d) Factors affecting future tax charge:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £11,033,000 (2022: £10,410,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

### 9. Distribution

The Distribution takes account of equalisation received on the creation of shares and deducted on the cancellation of shares, and comprises:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Final	2,119	2,483
<b>Add:</b> Equalisation deducted on cancellation of shares	123	402
<b>Less:</b> Equalisation received on creation of shares	(18)	(76)
<b>Net distribution for the year</b>	<b>2,224</b>	<b>2,809</b>

The net distribution for the year is represented by:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Net revenue after taxation	2,138	2,807
Equalisation on conversion of shares	86	2
<b>Net distribution for the year</b>	<b>2,224</b>	<b>2,809</b>

### 10. Debtors

	31.12.23 £'000	31.12.22 £'000
Accrued dividends and bank interest	31	81
Amounts receivable for creation of shares	1	5
Dilution adjustment receivable	62	92
Overseas tax recoverable	167	393
Sales awaiting settlement	-	143
Unrealised currency hedge	1	-
	<b>262</b>	<b>714</b>

# Global Strategic Equity Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 11. Other creditors

	31.12.23 £'000	31.12.22 £'000
Amounts payable for cancellation of shares	427	112
Payable for hedge fee expense	–	3
Unrealised currency hedge	–	7
Accrued ACD fees	247	252
Accrued general administration charge (GAC)	25	19
Accrued safe custody fee	42	13
Accrued transaction charges	86	47
	<b>827</b>	<b>453</b>

### 12. Capital commitments and contingent liabilities

The Fund had no contingent liabilities or capital commitments at the year end date (31.12.22: Nil).

### 13. Related party transactions

Ninety One Fund Managers UK Limited, as Authorised Corporate Director (ACD), is a related party, and acts as a principal in respect of all transactions of shares in the Company. The aggregate monies received through issues and paid on cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets.

In accordance with the prospectus the ACD collects from the Fund, a general administration charge (GAC), ACD fees and safe custody fees. Please refer to notes 7, 11 and 15 for further details.

Any amounts due to/from Ninety One Fund Managers UK Limited at the end of the accounting year are disclosed in notes 10 and 11.

The ACD and its associates held 0.25% of the sub-fund at year end date (31.12.22: nil%).

### 14. Dilution adjustment

Please refer to note 4 of the notes to the financial statements of the company for a detailed description of dilution adjustment.

### 15. ACD Fee and charges

The different level of ACD fees payable per annum as at 31 December 2023 for each share class is detailed below:

	31.12.23	31.12.22
'A' Shares	1.50%	1.50%
'I' Shares	0.75%	0.75%
'R' Shares	1.00%	1.00%
'S' Shares	0.00%	0.00%

The GAC is charged at up to 0.12% (31.12.22: 0.08%) of the Net Asset Value of each share class.

All shares within the sub-fund have the same rights on winding up.

### Reconciliation of the shares movement in the year:

	31.12.22 Opening number shares in issue	Creations	Cancellations	Shares converted	31.12.23 Closing number shares in issue
'A' Class (Accumulation shares)	9,323,243	409,541	(2,608,152)	–	7,124,632
'A' Class (USD Accumulation shares)	106,895	–	(3,793)	–	103,102
'I' Class (Accumulation shares)	43,988,410	593,913	(5,442,031)	6,073,330	45,213,622
'I' Class (GBP Hedged Accumulation shares)	3,033,582	4,990	(2,928,682)	–	109,890
'R' Class (Accumulation shares)	10,670,002	20,969	(848,941)	209,168	10,051,198
'S' Class (Accumulation shares)	1,481,593	89,011	(200,717)	–	1,369,887

# Global Strategic Equity Fund

## Notes to the Financial Statements (continued)

### For the year ended 31 December 2023

#### 16. Risk consideration

Please refer to note 3 of the notes to the financial statements of the company for a detailed description of the risk considerations. There are no further specific risks for this Fund.

The Fund's currency exposure as at 31 December 2023 was:

Currency	Currency exposure	
	Total 31.12.23 £'000	Total 31.12.22 £'000
Australian dollar	3,486	5,269
Canadian dollar	4,230	3,748
Chinese yuan	719	511
Chinese yuan (offshore)	8,333	5,601
Danish krone	4,975	4,608
Euro	18,515	41,287
Hong Kong dollar	11,571	3,262
Japanese yen	9,745	11,335
Mexican peso	3,741	2,964
Singapore dollar	4,185	4,650
South Korean won	2,436	3,844
Sterling	29,872	34,608
Swiss franc	3,675	6,805
Taiwan dollar	10,932	10,059
US dollar	176,614	141,412
<b>Total</b>	<b>293,029</b>	<b>279,963</b>

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by 8.92% (31.12.22: increased by 8.30%). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by 8.92% (31.12.22: decreased by 8.30%). These calculations assume all other variables remain constant.

**Interest rate risk profile of financial assets and liabilities as at 31 December 2023 was as follows:**

The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. Therefore, the fund's exposure to interest rate risk is not considered to be significant.

#### 17. Fair value

Valuation technique	31.12.23		31.12.22	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	289,598	-	273,560	-
Level 2	-	-	-	-
Level 3	-	-	-	-
<b>Total fair value</b>	<b>289,598</b>	<b>-</b>	<b>273,560</b>	<b>-</b>

The three levels of the fair value hierarchy under FRS 102 are as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

# Global Strategic Equity Fund

## Distribution Table

For the year ended 31 December 2023

### Final distribution payable 29 February 2024

Group 1 – Shares purchased before 1 January 2023

Group 2 – Shares purchased between 1 January and 31 December 2023

	Net Income pence	Equalisation pence	Distribution payable 29.02.24 pence	Distribution paid 28.02.23 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	3.3223	–	3.3223	4.7059
Group 2	1.6085	1.7138	3.3223	4.7059
<b>'I' Class (Accumulation shares)</b>				
Group 1	3.3991	–	3.3991	3.6291
Group 2	1.7098	1.6893	3.3991	3.6291
<b>'I' Class (GBP Hedged Accumulation shares)</b>				
Group 1	1.4450	–	1.4450	1.6821
Group 2	1.1950	0.2500	1.4450	1.6821
<b>'R' Class (Accumulation shares)</b>				
Group 1	2.3468	–	2.3468	2.6022
Group 2	1.3447	1.0021	2.3468	2.6022
<b>'S' Class (Accumulation shares)</b>				
Group 1	7.6073	–	7.6073	7.6784
Group 2	3.7445	3.8628	7.6073	7.6784
	Net Income US cent	Equalisation US cent	Distribution payable 29.02.24 US cent	Distribution paid 28.02.23 US cent
<b>'A' Class (USD Accumulation shares)</b>				
Group 1	4.2603	–	4.2603	5.8965
Group 2	4.2603	–	4.2603	5.8965

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all 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 but must be deducted from the cost of shares for capital gains tax purposes.



# Global Total Return Credit Fund

## Statement of Total Return

For the year ended 31 December 2023

	Note	01.01.23 to 31.12.23		01.01.22 to 31.12.22	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains/(losses)	4		13,754		(59,813)
Revenue	6	24,900		17,677	
Expenses	7	(1,737)		(1,949)	
Interest payable and similar charges	8	(333)		(208)	
Net revenue before taxation		22,830		15,520	
Taxation	9	-		-	
Net revenue after taxation			22,830		15,520
<b>Total return before distributions</b>			<b>36,584</b>		<b>(44,293)</b>
Distributions	10		(23,299)		(16,072)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>13,285</b>		<b>(60,365)</b>

## Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

		01.01.23 to 31.12.23		01.01.22 to 31.12.22	
		£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>			<b>358,959</b>		<b>337,368</b>
Amounts receivable on creation of shares		101,630		194,581	
Amounts payable on cancellation of shares		(60,034)		(125,963)	
			41,596		68,618
Dilution adjustment			123		527
Change in net assets attributable to shareholders from investment activities			13,285		(60,365)
Retained distributions on accumulation shares			19,470		12,810
Unclaimed distributions			4		1
<b>Closing net assets attributable to shareholders</b>			<b>433,437</b>		<b>358,959</b>

## Balance Sheet

As at 31 December 2023

	Note	31.12.23		31.12.22	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments assets			413,311		347,133
Current assets					
Debtors	11	5,582		5,263	
Cash and bank balances		21,221		16,600	
Total other assets			26,803		21,863
<b>Total assets</b>			<b>440,114</b>		<b>368,996</b>
<b>Liabilities</b>					
Investment liabilities			2,246		8,156
Creditors					
Bank overdrafts		309		174	
Distribution payable		644		643	
Other creditors	13	3,478		1,064	
Total other liabilities			4,431		1,881
Total liabilities			6,677		10,037
<b>Net assets attributable to shareholders</b>			<b>433,437</b>		<b>358,959</b>

Notes to the financial statements are on pages 90 to 109.

# Global Total Return Credit Fund

## Notes to the Financial Statements

### For the year ended 31 December 2023

#### 1. Accounting policies

The Accounting policies for the Fund are disclosed in the notes to the financial statements on page 51.

#### 2. Distribution policies

The Distribution policies for the Fund are disclosed in the notes to the financial statements on page 52.

#### 3. Risk management policies

The Risk management policies for the Fund are disclosed in the notes to the financial statements on pages 51 to 66.

#### 4. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
(Losses)/gains on foreign exchange	(1,042)	4,851
Derivative contracts	(2,134)	3,329
Forward currency contracts	14,945	(28,876)
Non-derivative securities	2,041	(39,091)
Transaction charges	(56)	(34)
Residual from Monthly Income Fund	-	8
<b>Net capital gains/(losses)</b>	<b>13,754</b>	<b>(59,813)</b>

#### 5. Purchases, sales and transaction costs

	Purchases		Sales	
	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Bonds	284,319	374,011	233,807	306,327
Collective investment schemes	11,096	7,823	1,923	8,334
Options	1,351	609	378	1,310
Swaps	583,564	626,211	583,393	626,248
<b>Commissions</b>				
Collective investment schemes	-	-	-	-
<b>Taxes</b>				
Collective Investment Schemes	-	-	-	-
<b>Net trades in the year after transaction costs</b>	<b>880,330</b>	<b>1,008,654</b>	<b>819,501</b>	<b>942,219</b>

#### Total transaction cost expressed as a percentage of asset type cost

	Purchases		Sales	
	01.01.23 to 31.12.23 %	01.01.22 to 31.12.22 %	01.01.23 to 31.12.23 %	01.01.22 to 31.12.22 %
<b>Commissions</b>				
Collective investment schemes	-	-	-	-
<b>Taxes</b>				
Collective investment schemes	-	-	-	-

#### Total transaction cost expressed as a percentage of average net asset value

	01.01.23 to 31.12.23 %	01.01.22 to 31.12.22 %
Commissions	-	-
Taxes	-	-
<b>Total costs</b>	<b>-</b>	<b>-</b>

#### Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.56% (31.12.22: 0.88%).

# Global Total Return Credit Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 6. Revenue

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Bank interest	940	262
Interest on debt securities	23,306	17,140
Overseas dividends	51	-
Offshore distribution taxable from collective investment schemes	569	21
Margin interest	31	251
CSDR penalties	3	3
<b>Total revenue</b>	<b>24,900</b>	<b>17,677</b>

### 7. Expenses

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
<b>Payable to the ACD or associates of the ACD, and agents of either of them:</b>		
ACD fee	1,356	1,616
General administration charge (GAC)	333	277
	1,689	1,893
<b>Payable to the Depositary or associates of the Depositary, and agents of either of them:</b>		
Safe custody fee	33	34
Middle office collateral fee	15	31
	48	65
<b>Other expenses:</b>		
Professional fees	4	-
VAT refund	(5)	(9)
CSDR penalties	1	-
	-	(9)
<b>Total expenses</b>	<b>1,737</b>	<b>1,949</b>

Please refer to the Prospectus for a full description of expenses covered by the GAC.

The audit fee for the year is £15,009 (31.12.22: £13,910).

VAT is currently recovered in respect of certain expenses paid under the GAC.

### 8. Interest payable and similar charges

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Interest	99	38
Margin Interest	234	170
<b>Total interest payable and similar charges</b>	<b>333</b>	<b>208</b>

### 9. Taxation

(a) Analysis of the tax charge in the year:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Overseas tax	-	-
<b>Current tax charge</b>	<b>-</b>	<b>-</b>
Deferred tax charge (note 9(c))	-	-
<b>Total tax charge (note 9(b))</b>	<b>-</b>	<b>-</b>

# Global Total Return Credit Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 9. Taxation (continued)

#### (b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised OEIC (20%) (31.12.22: 20%). The differences are explained below:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Net revenue before taxation	22,830	15,520
Corporation tax of 20%	4,566	3,104
<b>Effects of:</b>		
Tax deductible interest distributions	(4,566)	(3,104)
<b>Total tax charge (note 9(a))</b>	-	-

#### (c) Provision for deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

### 10. Distributions

The Distributions take account of equalisation received on the creation of shares and deducted on the cancellation of shares, and comprise:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
January	1,805	748
February	1,813	1,010
March	1,789	970
April	1,683	1,065
May	1,975	1,157
June	1,912	1,627
July	1,926	1,372
August	1,967	1,850
September	2,014	1,667
October	2,248	1,424
November	2,008	1,486
Final	2,201	1,914
<b>Add:</b> Equalisation deducted on cancellation of shares	198	300
<b>Less:</b> Equalisation received on creation of shares	(240)	(518)
<b>Net distribution for the year</b>	<b>23,299</b>	<b>16,072</b>

The net distribution for the year is represented by:

	01.01.23 to 31.12.23 £'000	01.01.22 to 31.12.22 £'000
Net revenue after taxation	22,830	15,520
ACD fee	412	489
General administration charge (GAC)	52	56
Safe custody fee	5	7
<b>Net distribution for the year</b>	<b>23,299</b>	<b>16,072</b>

# Global Total Return Credit Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 11. Debtors

	31.12.23 £'000	31.12.22 £'000
Accrued bond interest	5,463	4,902
Accrued dividends and bank interest	3	–
Amounts receivable for creation of shares	116	237
Sales awaiting settlement	–	124
	<b>5,582</b>	<b>5,263</b>

### 12. Cash and bank balances

	31.12.23 £'000	31.12.22 £'000
Cash and bank balances	19,042	16,427
Amount held at futures clearing houses and brokers	2,179	173
	<b>21,221</b>	<b>16,600</b>

### 13. Other creditors

	31.12.23 £'000	31.12.22 £'000
Amounts payable for cancellation of shares	28	692
Purchases awaiting settlement	3,138	179
Swap income payable	11	–
Accrued dividends and bank interest	30	31
Accrued ACD fees	133	106
Accrued general administration charge (GAC)	36	25
Accrued safe custody fee	34	12
Accrued transaction charges	68	19
	<b>3,478</b>	<b>1,064</b>

### 14. Capital commitments and contingent liabilities

The Fund had no contingent liabilities or capital commitments at the year end date (31.12.22: Nil).

### 15. Related party transactions

Ninety One Fund Managers UK Limited, as Authorised Corporate Director (ACD), is a related party, and acts as a principal in respect of all transactions of shares in the Company. The aggregate monies received through issues and paid on cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets.

In accordance with the prospectus the ACD collects from the Fund, a general administration charge (GAC), ACD fees and safe custody fees. Please refer to notes 7, 13 and 17 for further details.

Any amounts due to/from Ninety One Fund Managers UK Limited at the end of the accounting year are disclosed in notes 11 and 13.

At the year end date 0.06% of the Fund's shares (by net asset value) were held by other Funds managed by the ACD (31.12.22: 0.77%).

### 16. Dilution adjustment

Please refer to note 4 of the notes to the financial statements of the company for a detailed description of dilution adjustment.

### 17. ACD Fee and charges

The different level of ACD fees payable per annum as at 31 December 2023 for each share class is detailed below:

	31.12.23	31.12.22
'A' Shares	1.25%	1.25%
'I' Shares	0.65%	0.65%
'K' Shares	0.45%	0.45%
'R' Shares	0.75%	0.75%
'S' Shares	0.00%	0.00%

The GAC is charged at up to 0.12% (31.12.22: 0.08%) of the Net Asset Value of each share class.

All shares within the sub-fund have the same rights on winding up.

# Global Total Return Credit Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 17. ACD Fee and charges (continued)

Reconciliation of the shares movement in the year:

	31.12.22 Opening number shares in issue	Creations	Cancellations	Shares converted	31.12.23 Closing number shares in issue
'A' Class (Accumulation shares)	6,438,100	38,365	(620,010)	(23,149)	5,833,306
'A' Class (Income-2 shares)	9,194,407	89,662	(706,956)	(4,851,335)	3,725,778
'I' Class (Accumulation shares)	109,644,442	67,262,412	(26,312,034)	(42,178)	150,552,642
'I' Class (Income-2 shares)	41,740,953	3,048,624	(2,435,224)	4,679,006	47,033,359
'K' Class (Accumulation shares)	6,324,567	1,407,554	(1,244,946)	57,881	6,545,056
'K' Class (Income-2 shares)	17,641,891	10,786,694	(11,567,301)	-	16,861,284
'R' Class (Accumulation shares)	368,066	-	(129,316)	3,808	242,558
'R' Class (Income-2 shares)	6,265,306	181,885	(453,501)	8,589	6,002,279
'S' Class (Accumulation shares)	200,630,277	19,729,170	(19,351,461)	-	201,007,986

### 18. Risk consideration

Please refer to note 3 of the notes to the financial statements of the company for a detailed description of the risk considerations. There are no further specific risks for this Fund.

The Fund's currency exposure as at 31 December 2023 was:

Currency	Currency exposure	
	Total 31.12.23 £'000	Total 31.12.22 £'000
Euro	(703)	(1,416)
Sterling	433,190	360,835
US dollar	950	(460)
<b>Total</b>	<b>433,437</b>	<b>358,959</b>

Interest rate risk profile of financial assets and liabilities as at 31 December 2023 was as follows:

Currency	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	31.12.23 £'000	31.12.23 £'000	31.12.23 £'000	31.12.23 £'000
Euro	79,236	102,103	(182,042)	(703)
Sterling	20,634	43,640	368,916	433,190
US dollar	13,854	158,633	(171,537)	950
<b>Total</b>	<b>113,724</b>	<b>304,376</b>	<b>15,337</b>	<b>433,437</b>

# Global Total Return Credit Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 18. Risk consideration (continued)

Interest rate risk profile of financial assets and liabilities as at 31 December 2022 was as follows:

Currency	Floating rate	Fixed rate	Financial	Total
	assets	assets	assets	
	31.12.22	31.12.22	31.12.22	31.12.22
	£'000	£'000	£'000	£'000
Euro	64,171	75,995	(141,582)	(1,416)
Sterling	8,902	25,815	326,118	360,835
US dollar	8,074	168,232	(176,766)	(460)
<b>Total</b>	<b>81,147</b>	<b>270,042</b>	<b>7,770</b>	<b>358,959</b>

Assuming that all other variables remain constant, the effect on the net asset value of the Fund of a 0.50% increase or decrease in interest rates at 31 December 2023 is 0.13% and -0.13% respectively. (2022: 0.11% and -0.11%).

### 19. Efficient portfolio management techniques risk exposure

The exposure obtained through efficient portfolio management techniques and identity of counterparties as at 31 December 2023 was as follows:

#### (a) Swaps

Counterparty	Market value	
	31.12.23	31.12.22
	£'000	£'000
Citibank	(563)	(43)
<b>Total</b>	<b>(563)</b>	<b>(43)</b>

#### (b) Forwards

Counterparty	Market value	
	31.12.23	31.12.22
	£'000	£'000
Barclays	(18)	(7,283)
BNP Paribas	(1,341)	-
Citibank	5	-
HSBC	1,239	(171)
JP Morgan	-	16
Merrill Lynch	(13)	11
Standard Chartered	(1)	(98)
<b>Total</b>	<b>(129)</b>	<b>(7,525)</b>

#### (c) Futures

Counterparty	Market value	
	31.12.23	31.12.23
	£'000	£'000
Goldman Sachs	1,637	371
<b>Total</b>	<b>1,637</b>	<b>371</b>

#### (d) Swaptions

Counterparty	Market value	
	31.12.23	31.12.23
	£'000	£'000
Merrill Lynch	28	-
<b>Total</b>	<b>28</b>	<b>-</b>

# Global Total Return Credit Fund

## Notes to the Financial Statements (continued)

For the year ended 31 December 2023

### 19. Efficient portfolio management techniques risk exposure (continued)

(e) Cash Collateral

The value of collateral received and pledged as at 31 December 2023 was:

Counterparty	Collateral asset class	Collateral pledged £'000	Collateral received £'000	Collateralized assets
BNP Paribas	Cash	1,240	-	Cash
Citibank	Cash	565	-	Forward FX
HSBC	Cash	-	1,690	Forward FX
Merrill Lynch	Cash	-	40	Swaps
<b>Total</b>		<b>1,805</b>	<b>1,730</b>	

The value of collateral received and pledged as at 31 December 2022 was:

Counterparty	Collateral asset class	Collateral pledged £'000	Collateral received £'000	Collateralized assets
Barclays Bank	Cash	6,600	-	Forward FX
Citibank	Cash	665	-	Cash
HSBC	Cash	100	-	Forward FX
Standard Chartered	Cash	160	-	Forward FX
<b>Total</b>		<b>7,525</b>	<b>-</b>	

### 20. Fair value

Valuation technique	31.12.23		31.12.22	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	14,541	-	4,258	-
Level 2	398,770	(2,246)	342,875	(8,156)
Level 3	-	-	-	-
<b>Total fair value</b>	<b>413,311</b>	<b>(2,246)</b>	<b>347,133</b>	<b>(8,156)</b>

The three levels of the fair value hierarchy under FRS 102 are as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).



# Global Total Return Credit Fund

## Distribution Tables

For the year ended 31 December 2023

### Interim distribution paid 31 March 2023

Group 1 - Shares purchased before 1 January 2023

Group 2 - Shares purchased between 1 January and 31 January 2023

	Net Income pence	Equalisation pence	Distribution paid 31.03.23 pence	Distribution paid 31.03.22 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.3436	-	0.3436	0.1480
Group 2	0.0479	0.2957	0.3436	0.1480
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.4167	-	0.4167	0.2540
Group 2	0.1110	0.3057	0.4167	0.2540
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.4543	-	0.4543	0.2276
Group 2	0.2070	0.2473	0.4543	0.2276
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.4300	-	0.4300	0.2605
Group 2	0.2120	0.2180	0.4300	0.2605
<b>'K' Class (Accumulation shares)</b>				
Group 1	0.4772	-	0.4772	0.2498
Group 2	0.2114	0.2658	0.4772	0.2498
<b>'K' Class (Income-2 shares)</b>				
Group 1	0.4348	-	0.4348	0.2629
Group 2	0.1691	0.2657	0.4348	0.2629
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.3834	-	0.3834	0.1887
Group 2	0.3834	-	0.3834	0.1887
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.4226	-	0.4226	0.2564
Group 2	0.0299	0.3927	0.4226	0.2564
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.4440	-	0.4440	0.2501
Group 2	0.2489	0.1951	0.4440	0.2501

# Global Total Return Credit Fund

## Distribution Tables (continued)

For the year ended 31 December 2023

### Interim distribution paid 28 April 2023

Group 1 - Shares purchased before 1 February 2023

Group 2 - Shares purchased between 1 February and 28 February 2023

	Net Income pence	Equalisation pence	Distribution paid 28.04.23 pence	Distribution paid 29.04.22 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.3426	-	0.3426	0.2308
Group 2	0.1188	0.2238	0.3426	0.2308
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.4130	-	0.4130	0.3257
Group 2	0.1305	0.2825	0.4130	0.3257
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.4530	-	0.4530	0.3174
Group 2	0.1145	0.3385	0.4530	0.3174
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.4263	-	0.4263	0.3342
Group 2	0.2141	0.2122	0.4263	0.3342
<b>'K' Class (Accumulation shares)</b>				
Group 1	0.4758	-	0.4758	0.3390
Group 2	0.1752	0.3006	0.4758	0.3390
<b>'K' Class (Income-2 shares)</b>				
Group 1	0.4311	-	0.4311	0.3373
Group 2	0.1228	0.3083	0.4311	0.3373
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.3823	-	0.3823	0.2685
Group 2	0.3823	-	0.3823	0.2685
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.4189	-	0.4189	0.3287
Group 2	0.0237	0.3952	0.4189	0.3287
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.4427	-	0.4427	0.3257
Group 2	0.2386	0.2041	0.4427	0.3257

# Global Total Return Credit Fund

## Distribution Tables (continued)

For the year ended 31 December 2023

### Interim distribution paid 31 May 2023

Group 1 – Shares purchased before 1 March 2023

Group 2 – Shares purchased between 1 March and 31 March 2023

	Net Income pence	Equalisation pence	Distribution paid 31.05.23 pence	Distribution paid 31.05.22 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.3346	–	0.3346	0.2317
Group 2	0.0886	0.2460	0.3346	0.2317
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.4024	–	0.4024	0.3257
Group 2	0.1170	0.2854	0.4024	0.3257
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.4432	–	0.4432	0.3187
Group 2	0.2883	0.1549	0.4432	0.3187
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.4156	–	0.4156	0.3344
Group 2	0.1708	0.2448	0.4156	0.3344
<b>'K' Class (Accumulation shares)</b>				
Group 1	0.4657	–	0.4657	0.3404
Group 2	0.2699	0.1958	0.4657	0.3404
<b>'K' Class (Income-2 shares)</b>				
Group 1	0.4204	–	0.4204	0.3375
Group 2	0.2184	0.2020	0.4204	0.3375
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.3739	–	0.3739	0.2696
Group 2	0.3739	–	0.3739	0.2696
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.4084	–	0.4084	0.3289
Group 2	0.0494	0.3590	0.4084	0.3289
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.4338	–	0.4338	0.3272
Group 2	0.4338	–	0.4338	0.3272

# Global Total Return Credit Fund

## Distribution Tables (continued)

For the year ended 31 December 2023

### Interim distribution paid 30 June 2023

Group 1 – Shares purchased before 1 April 2023

Group 2 – Shares purchased between 1 April and 30 April 2023

	Net Income pence	Equalisation pence	Distribution paid 30.06.23 pence	Distribution paid 30.06.22 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.3163	–	0.3163	0.2745
Group 2	0.0783	0.2380	0.3163	0.2745
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.3848	–	0.3848	0.3640
Group 2	0.1392	0.2456	0.3848	0.3640
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.4227	–	0.4227	0.3676
Group 2	0.1629	0.2598	0.4227	0.3676
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.3976	–	0.3976	0.3739
Group 2	0.1695	0.2281	0.3976	0.3739
<b>'K' Class (Accumulation shares)</b>				
Group 1	0.4453	–	0.4453	0.3895
Group 2	0.1883	0.2570	0.4453	0.3895
<b>'K' Class (Income-2 shares)</b>				
Group 1	0.4022	–	0.4022	0.3775
Group 2	0.1684	0.2338	0.4022	0.3775
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.3561	–	0.3561	0.3118
Group 2	0.3561	–	0.3561	0.3118
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.3906	–	0.3906	0.3677
Group 2	0.2135	0.1771	0.3906	0.3677
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.4169	–	0.4169	0.3685
Group 2	0.1290	0.2879	0.4169	0.3685

# Global Total Return Credit Fund

## Distribution Tables (continued)

For the year ended 31 December 2023

### Interim distribution paid 31 July 2023

Group 1 – Shares purchased before 1 May 2023

Group 2 – Shares purchased between 1 May and 31 May 2023

	Net Income pence	Equalisation pence	Distribution paid 31.07.23 pence	Distribution paid 29.07.22 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.3857	–	0.3857	0.2502
Group 2	0.0802	0.3055	0.3857	0.2502
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.4469	–	0.4469	0.3365
Group 2	0.1313	0.3156	0.4469	0.3365
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.5044	–	0.5044	0.3382
Group 2	0.2959	0.2085	0.5044	0.3382
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.4621	–	0.4621	0.3458
Group 2	0.1761	0.2860	0.4621	0.3458
<b>'K' Class (Accumulation shares)</b>				
Group 1	0.5281	–	0.5281	0.3594
Group 2	0.2762	0.2519	0.5281	0.3594
<b>'K' Class (Income-2 shares)</b>				
Group 1	0.4675	–	0.4675	0.3492
Group 2	0.3427	0.1248	0.4675	0.3492
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.4263	–	0.4263	0.2866
Group 2	0.4263	–	0.4263	0.2866
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.4539	–	0.4539	0.3401
Group 2	0.0312	0.4227	0.4539	0.3401
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.4884	–	0.4884	0.3421
Group 2	0.0974	0.3910	0.4884	0.3421

# Global Total Return Credit Fund

## Distribution Tables (continued)

For the year ended 31 December 2023

### Interim distribution paid 31 August 2023

Group 1 – Shares purchased before 1 June 2023

Group 2 – Shares purchased between 1 June and 30 June 2023

	Net Income pence	Equalisation pence	Distribution paid 31.08.23 pence	Distribution paid 31.08.22 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.3768	–	0.3768	0.3230
Group 2	0.1087	0.2681	0.3768	0.3230
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.4364	–	0.4364	0.4001
Group 2	0.1442	0.2922	0.4364	0.4001
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.4942	–	0.4942	0.4205
Group 2	0.1940	0.3002	0.4942	0.4205
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.4514	–	0.4514	0.4114
Group 2	0.2129	0.2385	0.4514	0.4114
<b>'K' Class (Accumulation shares)</b>				
Group 1	0.5180	–	0.5180	0.4415
Group 2	0.2416	0.2764	0.5180	0.4415
<b>'K' Class (Income-2 shares)</b>				
Group 1	0.4568	–	0.4568	0.4155
Group 2	0.1586	0.2982	0.4568	0.4155
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.4175	–	0.4175	0.3577
Group 2	0.4175	–	0.4175	0.3577
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.4434	–	0.4434	0.4044
Group 2	0.0351	0.4083	0.4434	0.4044
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.4798	–	0.4798	0.4105
Group 2	0.3744	0.1054	0.4798	0.4105

# Global Total Return Credit Fund

## Distribution Tables (continued)

For the year ended 31 December 2023

### Interim distribution paid 29 September 2023

Group 1 – Shares purchased before 1 July 2023

Group 2 – Shares purchased between 1 July and 31 July 2023

	Net Income pence	Equalisation pence	Distribution paid 29.09.23 pence	Distribution paid 30.09.22 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.3692	–	0.3692	0.2243
Group 2	0.0655	0.3037	0.3692	0.2243
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.4279	–	0.4279	0.3063
Group 2	0.1377	0.2902	0.4279	0.3063
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.4859	–	0.4859	0.3071
Group 2	0.1373	0.3486	0.4859	0.3071
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.4428	–	0.4428	0.3151
Group 2	0.1540	0.2888	0.4428	0.3151
<b>'K' Class (Accumulation shares)</b>				
Group 1	0.5098	–	0.5098	0.3276
Group 2	0.2343	0.2755	0.5098	0.3276
<b>'K' Class (Income-2 shares)</b>				
Group 1	0.4481	–	0.4481	0.3183
Group 2	0.2116	0.2365	0.4481	0.3183
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.4103	–	0.4103	0.2599
Group 2	0.4103	–	0.4103	0.2599
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.4349	–	0.4349	0.3097
Group 2	0.0275	0.4074	0.4349	0.3097
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.4733	–	0.4733	0.3142
Group 2	0.2205	0.2528	0.4733	0.3142

# Global Total Return Credit Fund

## Distribution Tables (continued)

For the year ended 31 December 2023

### Interim distribution paid 31 October 2023

Group 1 – Shares purchased before 1 August 2023

Group 2 – Shares purchased between 1 August and 31 August 2023

	Net Income pence	Equalisation pence	Distribution paid 31.10.23 pence	Distribution paid 31.10.22 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.3892	–	0.3892	0.3289
Group 2	0.2337	0.1555	0.3892	0.3289
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.4438	–	0.4438	0.4052
Group 2	0.0442	0.3996	0.4438	0.4052
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.5097	–	0.5097	0.4292
Group 2	0.2531	0.2566	0.5097	0.4292
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.4595	–	0.4595	0.4171
Group 2	0.2183	0.2412	0.4595	0.4171
<b>'K' Class (Accumulation shares)</b>				
Group 1	0.5340	–	0.5340	0.4511
Group 2	0.2596	0.2744	0.5340	0.4511
<b>'K' Class (Income-2 shares)</b>				
Group 1	0.4652	–	0.4652	0.4213
Group 2	0.1283	0.3369	0.4652	0.4213
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.4307	–	0.4307	0.3650
Group 2	0.4307	–	0.4307	0.3650
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.4513	–	0.4513	0.4099
Group 2	0.0317	0.4196	0.4513	0.4099
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.4944	–	0.4944	0.4201
Group 2	0.4944	–	0.4944	0.4201



# Global Total Return Credit Fund

## Distribution Tables (continued)

For the year ended 31 December 2023

### Interim distribution paid 30 November 2023

Group 1 – Shares purchased before 1 September 2023

Group 2 – Shares purchased between 1 September and 30 September 2023

	Net Income pence	Equalisation pence	Distribution paid 30.11.23 pence	Distribution paid 30.11.22 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.3949	–	0.3949	0.2981
Group 2	0.2378	0.1571	0.3949	0.2981
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.4460	–	0.4460	0.3692
Group 2	0.0448	0.4012	0.4460	0.3692
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.5163	–	0.5163	0.3911
Group 2	0.2214	0.2949	0.5163	0.3911
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.4620	–	0.4620	0.3802
Group 2	0.2031	0.2589	0.4620	0.3802
<b>'K' Class (Accumulation shares)</b>				
Group 1	0.5407	–	0.5407	0.4118
Group 2	0.2097	0.3310	0.5407	0.4118
<b>'K' Class (Income-2 shares)</b>				
Group 1	0.4677	–	0.4677	0.3842
Group 2	0.2896	0.1781	0.4677	0.3842
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.4364	–	0.4364	0.3324
Group 2	0.4364	–	0.4364	0.3324
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.4537	–	0.4537	0.3736
Group 2	0.0324	0.4213	0.4537	0.3736
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.5002	–	0.5002	0.3848
Group 2	0.0980	0.4022	0.5002	0.3848

# Global Total Return Credit Fund

## Distribution Tables (continued)

For the year ended 31 December 2023

### Interim distribution paid 29 December 2023

Group 1 – Shares purchased before 1 October 2023

Group 2 – Shares purchased between 1 October and 31 October 2023

	Net Income pence	Equalisation pence	Distribution paid 29.12.23 pence	Distribution paid 30.12.22 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.4111	–	0.4111	0.2669
Group 2	0.2682	0.1429	0.4111	0.2669
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.4574	–	0.4574	0.3382
Group 2	0.0469	0.4105	0.4574	0.3382
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.5353	–	0.5353	0.3550
Group 2	0.3352	0.2001	0.5353	0.3550
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.4741	–	0.4741	0.3484
Group 2	0.1843	0.2898	0.4741	0.3484
<b>'K' Class (Accumulation shares)</b>				
Group 1	0.5599	–	0.5599	0.3754
Group 2	0.1585	0.4014	0.5599	0.3754
<b>'K' Class (Income-2 shares)</b>				
Group 1	0.4801	–	0.4801	0.3521
Group 2	0.2100	0.2701	0.4801	0.3521
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.4528	–	0.4528	0.3013
Group 2	0.4528	–	0.4528	0.3013
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.4655	–	0.4655	0.3424
Group 2	0.0294	0.4361	0.4655	0.3424
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.5168	–	0.5168	0.3539
Group 2	0.5168	–	0.5168	0.3539

# Global Total Return Credit Fund

## Distribution Tables (continued)

For the year ended 31 December 2023

### Interim distribution payable 31 January 2024

Group 1 – Shares purchased before 1 November 2023

Group 2 – Shares purchased between 1 November and 30 November 2023

	Net Income pence	Equalisation pence	Distribution payable 31.01.24 pence	Distribution paid 31.01.23 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.3572	–	0.3572	0.2792
Group 2	0.0875	0.2697	0.3572	0.2792
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.4092	–	0.4092	0.3562
Group 2	0.0438	0.3654	0.4092	0.3562
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.4736	–	0.4736	0.3775
Group 2	0.1783	0.2953	0.4736	0.3775
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.4243	–	0.4243	0.3672
Group 2	0.2585	0.1658	0.4243	0.3672
<b>'K' Class (Accumulation shares)</b>				
Group 1	0.4979	–	0.4979	0.3987
Group 2	0.2178	0.2801	0.4979	0.3987
<b>'K' Class (Income-2 shares)</b>				
Group 1	0.4297	–	0.4297	0.3712
Group 2	0.2971	0.1326	0.4297	0.3712
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.3994	–	0.3994	0.3169
Group 2	0.3994	–	0.3994	0.3169
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.4166	–	0.4166	0.3607
Group 2	0.0250	0.3916	0.4166	0.3607
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.4644	–	0.4644	0.3749
Group 2	0.1821	0.2823	0.4644	0.3749

# Global Total Return Credit Fund

## Distribution Tables (continued)

For the year ended 31 December 2023

### Final distribution payable 29 February 2024

Group 1 – Shares purchased before 1 December 2023

Group 2 – Shares purchased between 1 December and 31 December 2023

	Net Income pence	Equalisation pence	Distribution payable 29.02.24 pence	Distribution paid 28.02.23 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.4016	–	0.4016	0.3543
Group 2	0.3623	0.0393	0.4016	0.3543
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.4345	–	0.4345	0.4791
Group 2	0.0356	0.3989	0.4345	0.4791
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.5253	–	0.5253	0.5679
Group 2	0.2991	0.2262	0.5253	0.5679
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.4500	–	0.4500	0.4864
Group 2	0.2477	0.2023	0.4500	0.4864
<b>'K' Class (Accumulation shares)</b>				
Group 1	0.5495	–	0.5495	0.5440
Group 2	0.3232	0.2263	0.5495	0.5440
<b>'K' Class (Income-2 shares)</b>				
Group 1	0.4553	–	0.4553	0.5191
Group 2	0.3883	0.0670	0.4553	0.5191
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.4434	–	0.4434	0.4177
Group 2	0.4434	–	0.4434	0.4177
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.4422	–	0.4422	0.4765
Group 2	0.0267	0.4155	0.4422	0.4765
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.5070	–	0.5070	0.4308
Group 2	0.2320	0.2750	0.5070	0.4308

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all 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 but must be deducted from the cost of shares for capital gains tax purposes.

## Securities Financing Transactions ('SFT's') (Unaudited)

**As at 31 December 2023**

At 31 December 2023 there were no securities out on loan and no collateral held.

## Climate related disclosures

This report discloses the Ninety One Funds Series ii's exposure to, and management of, climate risk consistent with the Taskforce for Climate-Related Disclosures (TCFD) framework and recommended disclosures.

These disclosures should be read alongside Ninety One's Integrated Annual Report and Sustainability and Stewardship Report where we explain how Ninety One at a firm-level aligns to the recommended TCFD requirements.

While the firm's approach is consistent with how each product analyses climate-related risks and opportunities, we provide specific information on scenario analysis and metrics specific to the Funds below.

### **Scenario<sup>1</sup> analysis and impact of climate-related risks and opportunities**

Different products will have varying degrees of exposure to the effects of climate change and the financial risks of the transition to a lower-carbon economy, depending on their underlying issuers' geographical focus and sector allocation. Exposure to climate risks and opportunities should be considered alongside the underlying issuers' ability to manage those risks and adapt their existing business operations and products to a lower-carbon economy.

Portfolio managers, supported by their investment teams, are responsible for analysing climate risks and opportunities within their portfolios and determining how these risks might affect portfolio holdings. Ninety One has based its analysis of the impact of climate risk on the three TCFD scenarios for greenhouse gas (GHG) emissions pathways and the inferred carbon prices from the Intergovernmental-Panel on Climate Change (IPCC) from their low and high emissions scenarios. The corresponding portfolio level impacts are inferred from modelled exposure to carbon-intensive assets and their underlying exposure to physical and transition risks that may possible impact longer term returns.

Transition risks may impact the profitability of companies through direct financial costs such as increased carbon prices or companies could lose market share as customers choose equivalent products with lower emissions. Physical risks such as heat waves can reduce working hours, floods or wildfires can damage fixed assets and droughts can lower water supply affecting production levels.

#### **Orderly transition scenario**

In an orderly transition scenario, emissions are reduced in a measured way to meet global climate goals through strict climate policies and via innovation. The level of emissions released into the atmosphere falls sharply between 2020 and 2035. Carbon prices increase to USD 100 by 2030 and rise sharply to around USD 450 by 2050. The impact of physical and transition risks is relatively subdued.

#### **Disorderly transition scenario**

In a disorderly transition scenario, minimal progress is made to reduce emissions by 2030 which results in a delayed knee-jerk reaction from governments, regulators and companies to reduce emissions in the period thereafter. Higher transition risks pervade with policies diverging across countries and sectors creating disorderly characteristics companies will need to deal with. The need for innovation and large capital investments albeit at a later stage could impact the profitability of carbon-intensive companies.

## Climate related disclosures (continued)

Carbon prices are likely to remain flat until 2030 and then increase sharply above USD 100 by 2035 and continue to rise sharply to about USD 400 by 2050 leading to higher transition risks.

Ninety One, in its paper “A disorderly transition”, highlights that the world is probably at the start of a “disorderly transition”. Ninety One believes there are five economically important, high-emitting sectors where successful transitions can generate powerful change. These are power, buildings, mobility, industry, and agriculture which together generate more than 90% of global emissions. Ninety One believes that transition investments or transition finance is required to support high emitters in their efforts to reduce emissions in the long run.

### Hothouse-world scenario

The hothouse-world scenario will materialise if the world continues on its current path over a long-term trajectory. Global GHG emissions remain flat until 2040 then gradually increase until 2050 leading to near catastrophic temperature increases.

Efforts to curb global warming will prove ineffective in this three-degree-plus scenario. Carbon prices will remain flat until 2050 and with critical temperature thresholds exceeded, severe physical risks and the irreversible impacts of sea levels rising will impact companies while transition risks are subdued.

Extreme weather events are more frequent, weather pattern changes will harm food supply leading to vast human migration. Physical risks will intensify and affect corporates:

What changes are associated with global warming?	What example hazards follow from these?	How could these changes affect corporates?
Heat waves	Loss of work hours due to physical & mental health	Lower output, higher employee health costs
Floods	Loss and damage to physical business assets	Investment costs to replace lost and damaged assets
Droughts	Lost water supply to critical assets e.g. power stations	Reduced output from these assets
Crop heat stress	Loss of crops, lower agricultural yields	Reduced crop output, higher food input prices

## Climate related disclosures (continued)

### Climate Metrics & Figures

Carbon Figures	Scope 1 & 2 emissions (tCO <sub>2</sub> e)		Scope 3 emissions (tCO <sub>2</sub> e)		Scope 1 & 2 footprint (tCO <sub>2</sub> e/mUSD invested)		Scope 1 & 2 weight average carbon intensity (tCO <sub>2</sub> e/mUSD revenue)		% of corporate emissions data coverage (including estimates)		Exposure to Carbon Related Assets <sup>2</sup>
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	
Scope 1 & 2 emissions (tCO <sub>2</sub> e)											
Global Strategic Equity	13,220	19,266	111,257	120,404	36	52	80	133	100%	100%	22%
Asia Pacific Franchise	1,951	19,659	15,271	74,457	12	127	44	309	100%	99%	4%
American Franchise	1,550	23,188	33,825	153,701	2	31	16	105	100%	100%	0%
Global Total Return Credit	27,763	61,984	162,214	272,919	54	118	87	255	98%	100%	16%

### Climate Scenario Analysis

The five and ten year scenarios have been chosen as these time frames are more typical holding periods of these funds. The figures below rely on a combination of climate and economic data to estimate how physical and transition risks may impact the total return on corporate securities and portfolios. The figures are determined according to a baseline scenario that does not take any future physical or transition risks into account.

#### Global Strategic Equity

	5 yr			10 yr		
	Orderly Transition	Disorderly Transition	Hot House	Orderly Transition	Disorderly Transition	Hot House
Total Impact on returns (%)	-4.9%	-5.4%	-2.0%	-5.3%	-5.5%	-8.3%
Transition Risk	-1.1%	-1.1%	0.0%	-1.0%	-0.7%	0.0%
Physical - Acute	-0.7%	-0.8%	-0.3%	-0.8%	-0.9%	-1.2%
Physical - Chronic	-3.1%	-3.5%	-1.7%	-3.5%	-3.9%	-7.2%
Coverage	91.2 %					

#### Asia Pacific Franchise

	5 yr			10 yr		
	Orderly Transition	Disorderly Transition	Hot House	Orderly Transition	Disorderly Transition	Hot House
Total Impact on returns (%)	-2.2%	-2.7%	-2.1%	-0.5%	-1.3%	-9.0%
Transition Risk	3.3%	3.7%	0.0%	5.7%	5.7%	0.0%
Physical - Acute	-1.0%	-1.2%	-0.3%	-1.2%	-1.3%	-1.4%
Physical - Chronic	-4.5%	-5.2%	-1.8%	-5.0%	-5.6%	-7.7%
Coverage	100.00%					

\* Benchmark figures are included where applicable.

<sup>2</sup> Based on the TCFD guidance on "carbon intensive-sectors" in the non-financial sector i.e., Energy, Transportation, Materials and Buildings and Agriculture, Food and Forest Products.



## Climate related disclosures (continued)

### American Franchise

	5 yr			10 yr		
	Orderly Transition	Disorderly Transition	Hot House	Orderly Transition	Disorderly Transition	Hot House
Total Impact on returns (%)	-3.0%	-3.4%	-2.1%	-2.5%	-3.0%	-9.2%
Transition Risk	1.1%	1.2%	0.0%	2.2%	2.2%	0.0%
Physical - Acute	-0.8%	-0.9%	-0.3%	-0.9%	-1.0%	-1.3%
Physical - Chronic	-3.3%	-3.8%	-1.8%	-3.8%	-4.2%	-7.8%
Coverage	88.42 %					

### Global Total Return Credit

	5 yr			10 yr		
	Orderly Transition	Disorderly Transition	Hot House	Orderly Transition	Disorderly Transition	Hot House
Total Impact on returns (%)	-0.9%	-1.2%	-0.6%	1.1%	0.9%	-1.3%
Transition Risk	-1.0%	-1.3%	0.0%	1.2%	1.0%	0.0%
Physical - Acute	0.0%	0.1%	-0.1%	0.0%	0.0%	-0.3%
Physical - Chronic	0.1%	0.1%	-0.5%	-0.1%	-0.1%	-1.0%
Coverage	73.12 %					

### Powered by Ortec Finance & ClarityAI

#### Data Reliability

The data coverage for a specific fund determines whether the data can be deemed sufficiently reliable. A lack of coverage is likely due to reported/estimated climate or financial data not being available. In the case of government bonds, we currently have very little data coverage, data quality will also generally be lower for Emerging Market and non-corporate instruments.

# Other Information

## **ISA status**

During the period under review, the shares of the funds met the requirements for eligibility to be held in a stocks and shares ISA as determined by the regulations which govern ISAs.

Ninety One Fund Managers Limited offer the 'A' shares of the funds through its own ISA plan.

## **Distributions**

Where a distribution is to be paid, it has been calculated as at 31 December 2023 and will be distributed to shareholders, where applicable, on 29 February 2024. For accumulations shares income distribution payments are deemed to be paid on 29 February 2024.

## **Telephone calls**

Telephone calls may be recorded for training and quality assurance purposes.

## **Cross holding table**

There were no cross holdings between sub-funds in Ninety One Funds Series ii as at 31 December 2023.

## **Assessment of Value**

Following the final report of the asset management market study ("AMMS"), the Financial Conduct Authority ("FCA") introduced (among other reforms) new rules on fund governance aiming to strengthen the pre-existing duty of care and acting in investors' best interest rules. These are outlined in the FCA policy statement PS18/8 and apply from 30 September 2019.

The FCA's Handbook rules require the relevant governing body of an Authorised Fund Manager ("AFM") to perform a detailed assessment to determine whether its funds are providing value to investors ("Value Assessment") and then publish an annual statement summarising the outcome of this Value Assessment. Ninety One Fund Managers UK Limited as the Authorised Corporate Director appointed as the AFM of Ninety One Funds Series i, ii, iii, iv (together the "Companies"), each with differing financial year ends, will publish one composite Value Assessment statement with respect to the Companies on or slightly before 31 July each year in respect of the prior year to 31 March. This statement can be found on the Ninety One website, [www.ninetyone.com/valueassessment](http://www.ninetyone.com/valueassessment).

## **UCITS V Directive on remuneration**

The latest remuneration policy relating to the Authorised Corporate Director (ACD) is available from [www.ninetyone.com/remuneration](http://www.ninetyone.com/remuneration) or free of charge on request from the Registered Office.

Remuneration paid for 2022-23 to all staff employed by the management company, split into fixed and variable remuneration paid.

N/A – Ninety One Fund Managers UK Limited (NOFML) does not employ any employees.

**Other Information (continued)**

**Aggregate remuneration paid for 2022-23 to senior management and members of staff whose actions have a material impact on the risk profile of Ninety One Fund Managers UK Limited.**

Aggregate Remuneration	196,475
Senior Management	88,622
Other individuals with material impact	107,852
No of staff	13

# Glossary (unaudited)

## **Active management**

An active investment approach is one where a portfolio manager aims to beat the market through research, analysis and his/her judgement. (See also passive management).

## **Asset allocation**

A fund's allotment to different asset classes.

## **Asset class**

The main types of investment available. The traditional asset classes are equities, bonds and cash.

## **Bear market**

A market where prices fall consistently over a long period of time. Investors are referred to as 'bearish' if they believe prices are going to fall.

## **Benchmark**

A comparative performance index.

## **Bond**

A form of loan issued by a government or company. Typically, an investor should receive a regular coupon and the return of the principal originally lent when the bond matures.

Note: Not all bonds are interest bearing (see zero coupon bond), and not all bonds are fixed rate (e.g. index linked, floating rate and stepped rate bonds).

## **Bottom-up investing**

An investment approach that concentrates on the analysis of individual companies and considers the company's history, management and potential as more important than macroeconomic trends.

## **Bull market**

A market where prices rise consistently over a long period of time. Investors are referred to as 'bullish' if they believe prices are going to rise.

## **Carbon footprint**

This figure is derived by taking the sum of the 'financed emissions' based on the percentage held of each assessable security's enterprise value. This is normalised by dividing by the total amount of dollars invested in the securities to give a comparable footprint.

Carbon 'scope': Scope 1 & 2 emissions are a proxy for how efficiently a company is managing its carbon emissions; the upstream part of Scope 3 provides an indicator of the carbon emissions in a company's supply chain; and the downstream part of Scope 3 is representative of the carbon emissions of a company's products as they are used during their life-cycle.

- Scope 1 relates to the direct emissions from owned or controlled sources, for example fuel burned on site and company owned vehicles.
- Scope 2 relates to the indirect emissions from the generation of purchased energy, steam, heating and cooling for the company's own use.
- Scope 3 There are 15 separate categories of Scope 3 emissions including eight that relate to the supply chain and seven that relate to the emissions of the products once they are sold/used.

## **Carbon intensity**

This measures the carbon emissions of a given entity per US\$ million of products or services sold (revenue). At the portfolio or index level, the figure takes the weighted average carbon intensity of each assessable security in the portfolio/index to determine an overall carbon intensity.

## **Cash**

The most liquid form in which to store capital. While it is regarded as a safe asset class, over time the purchasing power of cash tends to be eroded by inflation.

## Glossary (unaudited) (continued)

### CCS

Carbon Capture and Storage is the process of capturing carbon dioxide before it enters the atmosphere, transporting it, and storing it, usually from the source, say a biomass power plant, in an underground geological formation.

### Central bank base rate

The basic rate of interest set by a central bank that determines the cost of borrowing.

### Commodities

An asset class which comprises physical assets such as oil, base and precious metals and agricultural produce.

### Credit rating agency

An institution that assigns credit ratings to debt issuers, such as companies and governments. Standard & Poor's and Moody's are well-known examples.

### Credit risk

The risk that a bond issuer or borrower will be unable to meet their contractual obligations.

### Credit spread

The differences in yield between 'risk-free' bonds, such as gilts or US treasuries, and non-treasury (or gilt) bonds, which are identical in all respects except for the quality of their rating. Corporate bonds tend to offer additional yield to compensate investors for the potential risk of default.

### Currency risk

The risk of incurring losses of foreign assets due to adverse movements in exchange rates between domestic and foreign currencies.

### Deflation

As opposed to inflation, it describes conditions in which there is a widespread, consistent decline in prices. It conveys the rarer occurrence of the money in one's pocket actually increasing in buying power, rather than the more usual opposite.

### Derivatives

An instrument whose value depends on the performance of an underlying security or rate which requires no initial exchange of principal. Options, futures and swaps are all examples of derivatives.

### Developed markets

Refers to industrialised countries with relatively high levels of economic productivity, high standards of living and stable economies.

### Disinflation

Refers to a slowing down in price growth, as opposed to deflation where prices are already falling.

### Diversification

Holding a range of assets to reduce risk.

### Dividend

The portion of company net profits paid out to shareholders.

### Dividend yield

The annual dividend per share divided by the current share price.

### Duration

A measure of a bond investment's sensitivity to changes in interest rates. The longer the duration, the more sensitive it is. Calculating 'duration' for a fixed income investment such as a bond is a complicated sum. It takes into account the current value of the bond, the coupon or interest payment, the book cost, and the number of years the bond has left to run. Put simply, the higher the duration number the higher the potential return (and the greater the risk).

### Emerging markets

Countries in the process of industrialising which tend to have rapidly growing economies.

### Emerging market debt

Debt issued by governments and corporates in emerging markets.

## Glossary (unaudited) (continued)

### Equity

Refers to shares. A share in a company provides an investor with part ownership of that company.

### Fixed income

An investment that provides a return in the form of fixed periodic payments and the eventual return of principal at maturity.

### Future

An obligation to buy or sell an asset on a specific date in the future at an agreed price.

### GHG

Greenhouse Gas.

### Gilt

A bond that is issued by the British government which is generally considered low risk. Bonds issued by South African and Irish governments are also referred to as gilts.

### Hedging

A technique seeking to offset or minimise the exposure to specific risk by entering an opposing position.

### High yield bond

A below investment grade rated bond, providing the investor with greater returns due to its higher default risk. (See Junk bond).

### Index-linked bonds

Bonds whose coupons and principal payment are linked to movements in inflation.

### Inflation

Describes conditions in which there have been a consistent rise in prices.

### Initial public offering (IPO)

The first public sale of a company's equity resulting in a quoted stock price on a stock exchange.

### Interest

The return earned on funds which have been deposited, loaned, or invested.

### Investment grade bonds

Bonds considered of the highest quality by credit rating agencies. The threshold credit rating for Standard & Poor's is BBB and Baa3 for Moody's.

### Liabilities

Financial obligations that must be met.

### Liquidity

The ease with which an asset can be sold at a reasonable price for cash.

### Long dated bond

A bond with usually 15 years or more remaining before redemption, at which point the principal is paid to the holder.

### Long-term investment

Holding an asset for an extended period of time. Depending on the security, a long-term asset can be held for as little as one year or for as long as 30 years.

### Macroeconomic

Refers to the big trends in an economy as a whole, such as inflation and unemployment, while microeconomic forces refer to the factors affecting individual situations or companies.

### Market capitalisation

The total value of a company's equity, calculated by the number of shares multiplied by their market price.

### Maturity

With regards to bonds, maturity refers to the time at which the principal of the bond is repayable and it ceases to exist. In terms of a pension fund, it conveys the average age of the membership and the time until benefits are payable.

### Outperformance

The return of a fund in excess of the comparative performance index.

## Glossary (unaudited) (continued)

### **Overweight**

When a fund has greater exposure to an asset than the comparative performance index.

### **Peer group**

A group of funds that can be compared with one another for performance purposes. A peer group will usually be based on the funds' investment scope, for example UK equities.

### **Performance**

The results of an investment over a given period.

### **Portfolio**

A grouping of financial assets, such as equities, bonds and cash equivalents. Portfolios are held directly by investors and/or managed by financial professionals.

### **Rally**

A swift rise.

### **Real estate**

An asset class comprising buildings and land.

### **Risk premium**

The extra return expected by an investor in compensation for holding a risky asset.

### **SBTi**

Science Based Targets initiative defines and promotes best practices in emissions reductions and net-zero targets in line with climate science. Provides target setting methods and guidance to companies to set science-based targets in line with the latest climate science.

### **Security**

A general term for a tradable financial instrument.

### **Short-term investment**

Investments that are held for or mature in 12 months or less.

### **Standard deviation**

A measure of risk, deriving from the historic volatility of a particular asset.

### **Top-down investing**

Contrasting with bottom-up analysis, a top-down approach to investment analysis begins with an assessment of macroeconomic factors, then business cycles before moving on to look at individual sectors and companies.

### **Treasuries**

Debt securities issued by the US government. Treasuries fall under three categories: treasury bills (T-bills), treasury notes (T-notes) and treasury bonds (T-bonds).

### **Underweight**

When a fund has less exposure to an asset than the benchmark.

### **Volatility**

Price movements. Standard deviation is a measure of an asset's historic volatility.

### **Year-to-date (YTD)**

Refers to the period extending from the beginning of the current calendar year to the present date.

### **Yield**

A measure of the income return earned on an investment. In the case of a share the yield expresses the annual dividend payment as the percentage of the market price of the share. In the case of a property, it is the rental income as a percentage of the capital value. In the case of a bond the running yield (or flat or current yield) is the annual interest payable as a percentage of the current market price. The redemption yield (or yield to maturity) allows for any gain or loss of capital which will be realised at the maturity date.

### **Yield curve**

A graphical representation of all the yields of bonds of the same quality with maturities ranging from the shortest to the longest available.

### **Yield spread**

The difference in yield between different bonds.

### **Yield to maturity**

The annualised return (internal rate of return) that would be earned on a bond if held to maturity.

# Directory (unaudited)

## **Authorised Corporate Director (ACD)**

### **Ninety One Fund Managers UK Limited**

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Registered address 55 Gresham Street  
London EC2V 7EL

## **Investment manager**

### **Ninety One UK Limited**

55 Gresham Street  
London EC2V 7EL

## **Registered number for Ninety One Funds Series ii**

IC125 England and Wales

## **Registrar**

### **SS&C Financial Services Europe Limited**

SS&C  
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## **Depository**

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London E14 5HJ

## **Fund accounting**

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## **Independent auditors**

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