

# **THE DISCOVERY FUND**

**(Sub-funds Discovery Balanced Fund, Discovery Growth Fund  
and Discovery Cautious Fund)**

**Annual Report and Financial Statements  
For the year ended 31 January 2024**

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## COMPANY OVERVIEW

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### **Type of Company:**

The Company is an investment company with variable capital incorporated with limited liability and registered in England and Wales under registered number IC000365. It is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes Sourcebook ("COLL") issued by the FCA. Each Sub-fund would be a UCITS scheme if they had separate authorisation orders.

The Company has currently three Sub-funds available for investment, Discovery Balanced Fund, Discovery Growth Fund and Discovery Cautious Fund.

Shareholders are not liable for the debts of the Company.

A shareholder is not liable to make any further payment to the Company after they have paid the price on the purchase of the shares.

## STATEMENT OF THE AUTHORISED FUND MANAGER'S (AFM's) RESPONSIBILITIES

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The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Fund Manager to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Company at the end of the financial year and its net revenue and net capital gains for the year. In preparing these financial statements the Authorised Fund Manager is required to:

- > comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements.
- > select suitable accounting policies and then apply them consistently;
- > make judgements and estimates that are reasonable and prudent;
- > prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The Authorised Fund Manager is required to keep proper accounting records and to manage the Company in accordance with the COLL regulations, the Instrument of Incorporation, and the Prospectus. The Authorised Fund Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## DIRECTOR'S STATEMENT

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In accordance with the requirements of the Financial Conduct Authority's Collective Investment Scheme's Sourcebook, we hereby certify the annual report.

Jonathan M. Child CA

David E. Smith CA

Valu-Trac Investment Management Limited  
Authorised Fund Manager

Date:

## STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS OF THE DISCOVERY FUND

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### For the year ended 31 January 2024

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

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

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

The Depositary must ensure that:

- > the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- > the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- > the value of shares in the Company is 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") are carried out (unless they conflict with the Regulations).

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

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

- i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and 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.

NatWest Trustee and Depositary Services Limited  
01 February 2024

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE DISCOVERY FUND (SUB-FUNDS DISCOVERY BALANCED FUND, DISCOVERY GROWTH FUND AND DISCOVERY CAUTIOUS FUND)**

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### **Opinion**

We have audited the financial statements of The Discovery Fund ('the Company') for the year ended 31 January 2024, which comprise the Statements of Total Return, Statements of Changes in Net Assets Attributable to Shareholders, Balance Sheets, the related Notes to the Financial Statements, including significant accounting policies and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

### **Basis for Opinion**

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

### **Conclusions Relating to Going Concern**

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

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

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

### **Other Information**

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

We have nothing to report in this regard.

### **Opinion on Other Matters Prescribed by the COLL Regulations**

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

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

### **Responsibilities of the Authorised Fund Manager**

As explained more fully in the Authorised Fund Manager's responsibilities statement set out on page 2, the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Use of Our Report**

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

Johnston Carmichael LLP  
Chartered Accountants  
Statutory Auditor  
Elgin, United Kingdom

Date



## ACCOUNTING POLICIES

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### For the year ended 31 January 2024

The principal accounting policies, which have been applied in both the current and prior year, are set out below:

- (a) The financial statements have been prepared in accordance with FRS 102, the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling.
- (b) There are no material events that have been identified that may cast significant doubt about the Company's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The AFM believes that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements.
- (c) All expenses, other than those relating to the purchase and sale of investments, are charged to revenue on an accruals basis. For Discovery Balanced Fund and Discovery Cautious Fund, all expenses are then reallocated to capital, net of any tax effect for distribution purposes.
- (d) Distributions on equities and collectives are recognised when the security is quoted ex-dividend. Interest on deposits is accounted for on an accrual's basis. Rebates received from the Investment Manager are accrued and allocated to revenue. For Discovery Balanced Fund and Discovery Cautious Fund, Investment Manager rebates are then reallocated to capital, net of any tax effect for distribution purposes. Rebate income from underlying holdings is recognised on an accruals basis and are allocated to revenue or capital which is determined by the allocation of the expenses in the underlying funds. Excess Reportable Income is recognised once reported by the relevant funds. Equalisation on distributions from collectives is treated as capital. All equalisation on distributions from collectives is then reallocated to revenue, for distribution purposes.
- (e) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Sub-fund, and where applicable is included in the distribution. In the case of an enhanced stock dividend the value of the enhancement is treated as capital.
- (f) Special dividends are treated as either revenue or a repayment of capital depending on the facts of each particular case. Where the receipt of a special dividend results in a significant reduction in the capital value or where the distribution arises from an underlying capital event such as a merger or disposal these would typically be deemed as capital so as to ensure that the matching principle is applied to gains and losses. Otherwise, the special dividend would typically be recognised as revenue. Where special dividends are treated as revenue, they are included in the amount available for distribution. The tax accounting treatment follows the principal amount.
- (g) The listed investments of the Sub-funds have been valued at bid market prices at the closing valuation point at 12 noon on 31 January 2024. Unlisted collectives are valued at the closing bid price for dual-priced funds and the closing single price for single priced funds.
- (h) All transactions in foreign currencies are converted into Sterling at the rate of exchange ruling at the dates of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at 12 noon on 31 January 2024.
- (i) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.  
  
Deferred tax assets are recognised only to the extent that the AFM considers that it is more likely than not there will be taxable profits from which underlying timing differences can be deducted.
- (j) In certain circumstances the AFM may charge a dilution levy on the sale or repurchase of shares. The levy, which is paid into the Sub-funds, is intended to cover dealing spread on assets bought and sold and certain charges such as applicable dealing taxes and brokers commission not included in the mid-market value of the Sub-funds used for Net Asset Value (NAV) calculations, which could have a diluting effect on the performance of the Sub-funds.

## ACCOUNTING POLICIES (Continued)

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- (k) Discovery Balanced Fund and Discovery Cautious Fund currently issues Accumulation & Income shares while Discovery Growth Fund currently issues Accumulation shares. Discovery Balanced Fund and Discovery Cautious Fund go ex dividend quarterly and Discovery Growth goes ex dividend annually. The Sub-funds pay any income available to the shareholder two months in arrears, as a dividend distribution. Any revenue deficit at the year end is funded from capital.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund (or if it no longer exists the AFM). Application to claim distributions that have not been paid should be made to the AFM before this six year period has elapsed.

For the treatment of expenses revert to policy 'c' and special dividends revert to policy 'f'.

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

## SUB-FUND OVERVIEW

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<b>Name of Sub-fund</b>	Discovery Balanced Fund
<b>Size of Sub-fund</b>	£87,833,270
<b>Launch date</b>	21 March 2005
<b>Sub-fund objective and policy</b>	<p>The objective of the Sub-fund is to provide returns through a combination of capital growth and income over a market cycle (5 years).</p> <p>The Sub-fund will primarily gain exposure indirectly via eligible collective investment schemes and other collective investment vehicles (for example, investment companies, exchange traded funds) to a range of eligible assets such as transferable securities (shares (including investment trusts), debentures, government and public securities, warrants or certificates representing certain securities), money market instruments, deposits, cash, property and commodities to provide diversification. The Sub-fund may also invest directly in such eligible assets (excluding property and commodities). Derivatives will be used only for the purpose of Efficient Portfolio Management.</p> <p>The Sub-fund will be constructed based on the Investment Manager's assessment of the broader economic outlook as well as the absolute and relative attractiveness of different asset classes. This analysis, combined with the view on the potential risk profile and relative risk-adjusted returns of asset classes will determine the current asset allocation of the Sub-fund.</p> <p>Typically, the Sub-fund is likely to have a balanced exposure to underlying equities and commodities, on the one hand, and underlying cash, fixed interest and property assets on the other.</p> <p>The Investment Manager will use a wide range of assets and asset classes to provide a diversified investment approach and will actively alter the weights of the component parts where necessary with a view to achieving the investment objective. The Sub-fund might have the ability to be fully invested in one class of asset, but in reality, due to creating a diversified investment solution, it will be exposed to numerous managers, geographies, asset classes and styles.</p>
<b>Performance comparator</b>	<p>The Sub-fund is not managed to or constrained by a benchmark, and nor does the AFM use a benchmark in order to assess performance.</p> <p>However, many funds sold in the UK are grouped into sectors by the Investment Association (the "IA") (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.</p> <p>In order to assess the Sub-fund's performance, investors may find it useful to compare the Sub-fund against the performance of the IA Mixed Investment 40-85% Shares, which serves as a method of comparing the Sub-fund's performance with other funds which have broadly similar characteristics.</p>
<b>Authorised Fund Manager (AFM)</b>	Valu-Trac Investment Management Limited
<b>Ex-distribution dates</b>	31 January, 30 April, 31 July and 31 October
<b>Distribution dates</b>	31 March, 30 June, 30 September and 31 December
<b>Individual Savings Account (ISA)</b>	The Sub-fund is a qualifying investment for inclusion in an ISA.

## SUB-FUND OVERVIEW (Continued)

### Share class information

Share class	Minimum initial subscription	Minimum subsequent investment	Minimum holding	Monthly savings available	Minimum redemption	Initial charge
A Sterling Net Income Shares*	£3,000	£1,000	£3,000	Yes	£1,000	5%
A Sterling Net Accumulation Shares*	£3,000	£1,000	£3,000	Yes	£1,000	5%
B Sterling Net Income Shares	£3,000	£1,000	£3,000	Yes	£1,000	0%
B Sterling Net Accumulation Shares	£3,000	£1,000	£3,000	Yes	£1,000	0%
C Sterling Net Income Shares**	£5,000,000	£500,000	£5,000,000	Yes	£500,000	0%
C Sterling Net Accumulation Shares**	£5,000,000	£500,000	£5,000,000	Yes	£500,000	0%
US \$ Net Accumulation Shares	\$5,000	\$1,500	\$5,000	Yes	\$1,500	5%
Euro Net Accumulation Shares	€ 5,000	€ 1,500	€ 5,000	Yes	€ 1,500	5%

\* A Class shares closed since 12 June 2023

\*\* C Class shares are available only to investors with a separate arrangement with the AFM or the Investment Manager.

### Annual management charges to 11 June 2023

£25,000 per annum<sup>^</sup> plus:

A Shares - 1.45%  
B Shares - 0.70%  
C Shares - 0.40%  
US \$ & Euro Shares - 1.55%

The above percentages being a percentage of the Net Asset Value of the Sub-fund attributable to the relevant class (plus VAT if applicable).

<sup>^</sup>The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 January each year (from 1 January 2020). In the event of negative inflation, the fixed element of the fee will remain unchanged.

### Annual management charges from 12 June 2023

£53,431 per annum<sup>^^</sup> plus:

A variable fee based on the Net Asset Value of the Sub-fund as follows  
- Up to £100 million – 1.5 bps (0.015%) per annum  
- £100 million to £250 million – 0.75 bps (0.0075%) per annum  
- £250 million to £500 million – 0.50 bps (0.0050%) per annum  
- thereafter – 0.25 bps (0.0025%) per annum

Plus:  
B Shares - 0.70%  
C Shares - 0.40%  
US \$ & Euro Shares - 1.55%

The above percentages being a percentage of the Net Asset Value of the Sub-fund attributable to the relevant class (plus VAT if applicable).

<sup>^^</sup> The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 January each year (from 1 January 2024). In the event of negative inflation, the fixed element of the fee will remain unchanged.

### Investment Manager rebate

The Investment Manager of the Sub-fund had undertaken to absorb any costs that would otherwise cause the C shares to have ongoing charges in excess of 0.80%. This rebate arrangement ceased on 03 March 2023.

## INVESTMENT MANAGER'S REVIEW

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In the year to end of January 2024, the unit price of the Discovery Balanced Fund (as measured by the C Accumulation unit) grew by 4.18%, roughly 0.26% behind a generally accepted peer group average (which is an amalgam of "managed" investment funds that invest across the asset classes (such as equities, fixed income, commodities, alternative assets, property and so on) although the sector is limited to have between 40% and 85% of the assets in equities). The sector is known as the IA Mixed Investment 40% to 85% Shares sector.

The portfolio is managed using the "fund of funds" approach which instead of investing directly in the shares or debt of companies such as Marks & Spencer, Apple, ITV, BMW, Sony, Proctor & Gamble, BP or any stock market listed company on any of the global stock exchanges, the manager invests in mutual funds – those offered by companies such as Invesco, Jupiter, M&G or Aviva. A typical "mutual fund" portfolio might contain shares of 50-100 underlying companies; a typical "fund of funds" portfolio might contain 15-30 funds. Therefore, do not be too concerned when looking at what looks like a relatively small "stock list". In reality, a fund of funds portfolio is much more diversified than a typical mutual fund.

A great advantage of investing in a fund of funds portfolio is the benefit of diversification – each investment manager included in the fund can invest in different assets and asset classes – equity, debt, or property for instance. Further to this, the manager can dive deeper into different sub sectors – market capitalisation, term of debt, quality of debt, streams of income and so on which allows further diversification. Another advantage to this is "managing the manager" – the investment manager that runs a fund. The role of a fund of funds manager is to balance and blend styles to deliver a portfolio that meets with the investment objectives.

At the start of the period the number of holdings in the portfolio was 31 and this had risen to 32 by the end of the period. At a high level, the broad asset weighting in the portfolio remained quite similar (equities reduced from 63% to 62%), however, there were some notable changes from a regional perspective. UK Equities were reduced from 47% to 44% as the stock market struggled on a relative basis. At the other end of the spectrum, Emerging Market Equities rose from 3% to 5%. This change was made in order to diversify the portfolio away from western markets.

We believe the changes to the asset allocation and the introduction of new holdings will set the portfolio in good stead looking forward and barring further significant political and/or economic upheaval we are confident portfolio activity going forward is likely to be more muted compared to the past twelve month period.

James Kempster  
Fund Manager  
Hawksmoor Investment Management Limited  
12 March 2024

## PERFORMANCE RECORD

### Financial Highlights

A Sterling Net Income	Period 01	Year ended 31	Year ended 31
	February 2023 to 12 June 2023 <sup>^</sup>	January 2023	January 2022
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	108.8299	117.8610	117.3965
Return before operating charges	(0.2402)	(3.9935)	5.0613
Operating charges (note 1)	(0.8138)	(2.1989)	(2.3408)
Return after operating charges *	(1.0540)	(6.1924)	2.7205
Distributions on income shares	(1.2795)	(2.8387)	(2.2560)
Closing net asset value per share	106.4964	108.8299	117.8610
*after direct transactions costs of:	-	-	-
Performance			
Return after charges	(0.97%)	(5.25%)	2.31%
Other information			
Closing net asset value	-	£663,281	£921,046
Closing number of shares	-	609,466	781,468
Operating charges (note 2)	2.09%	1.94%	1.99%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	111.0886	119.9224	124.8358
Lowest share price	105.4741	101.7233	116.7748

<sup>^</sup>Share class closed on 12 June 2023 following mandatory conversion of shares

A Sterling Net Accumulation	Period 01	Year ended 31	Year ended 31
	February 2023 to 12 June 2023 <sup>^</sup>	January 2023	January 2022
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	202.2555	213.1043	208.7316
Return before operating charges	(0.4542)	(6.8198)	8.5700
Operating charges (note 1)	(1.5213)	(4.0290)	(4.1973)
Return after operating charges *	(1.9755)	(10.8488)	4.3727
Closing net asset value per share	200.2800	202.2555	213.1043
Retained distributions on accumulated shares	2.3778	5.1895	4.0359
*after direct transactions costs of:	-	-	-
Performance			
Return after charges	(0.98%)	(5.09%)	2.09%
Other information			
Closing net asset value	-	£1,566,449	£2,050,523
Closing number of shares	-	774,490	962,216
Operating charges (note 2)	2.09%	1.94%	1.99%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	206.4520	216.8316	225.7184
Lowest share price	196.3573	187.1143	207.6261

<sup>^</sup>Share class closed on 12 June 2023 following mandatory conversion of shares

**PERFORMANCE RECORD (Continued)**

**Financial Highlights (Continued)**

	Year ended 31 January 2024	Year ended 31 January 2023	Year ended 31 January 2022
<b>B Sterling Net Income</b>			
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	118.4659	127.3306	125.8595
Return before operating charges	6.0347	(4.3242)	5.4656
Operating charges (note 1)	(1.5948)	(1.4625)	(1.5698)
Return after operating charges *	4.4399	(5.7867)	3.8958
Distributions on income shares	(3.3377)	(3.0780)	(2.4247)
Closing net asset value per share	119.5681	118.4659	127.3306
*after direct transactions costs of:	-	-	-
Performance			
Return after charges	3.75%	(4.54%)	3.09%
Other information			
Closing net asset value	£3,184,753	£2,849,282	£3,119,934
Closing number of shares	2,663,547	2,405,150	2,450,263
Operating charges (note 2)	1.34%	1.19%	1.24%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	120.9565	129.5656	134.6500
Lowest share price	111.9571	110.4816	125.2900

	Year ended 31 January 2024	Year ended 31 January 2023	Year ended 31 January 2022
<b>B Sterling Net Accumulation</b>			
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	157.7259	164.9428	160.3533
Return before operating charges	8.2379	(5.2970)	6.6063
Operating charges (note 1)	(2.1543)	(1.9199)	(2.0168)
Return after operating charges *	6.0836	(7.2169)	4.5895
Closing net asset value per share	163.8095	157.7259	164.9428
Retained distributions on accumulated shares	4.4894	4.0312	3.1081
*after direct transactions costs of:	-	-	-
Performance			
Return after charges	3.86%	(4.37%)	2.86%
Other information			
Closing net asset value	£3,308,925	£2,431,263	£3,112,375
Closing number of shares	2,019,983	1,541,448	1,886,942
Operating charges (note 2)	1.34%	1.19%	1.24%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	164.9673	167.8381	174.4309
Lowest share price	152.3169	145.5914	159.6320

**PERFORMANCE RECORD (Continued)**

**Financial Highlights (Continued)**

<b>C Sterling Net Income</b>	<b>Year ended 31 January 2024</b>	<b>Year ended 31 January 2023</b>	<b>Year ended 31 January 2022</b>
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	111.9207	119.7605	117.8995
Return before operating charges	5.7182	(4.0177)	5.0865
Operating charges (note 1)	(1.1712)	(0.9267)	(0.9506)
Return after operating charges *	4.5470	(4.9444)	4.1359
Distribution on income shares	(3.1572)	(2.8954)	(2.2749)
Closing net asset value per share	113.3105	111.9207	119.7605
*after direct transactions costs of:	-	-	-
Performance			
Return after charges	4.06%	(4.12%)	3.50%
Other information			
Closing net asset value	£885,855	£839,824	£913,113
Closing number of shares	781,794	750,374	762,449
Operating charges (note 2)	1.04%	0.80%	0.80%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	114.5988	121.8676	126.5375
Lowest share price	106.0175	104.2531	117.4371

<b>C Sterling Net Accumulation</b>	<b>Year ended 31 January 2024</b>	<b>Year ended 31 January 2023</b>	<b>Year ended 31 January 2022</b>
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	135.5162	141.0906	136.5808
Return before operating charges	7.0981	(4.4680)	5.6205
Operating charges (note 1)	(1.4388)	(1.1064)	(1.1107)
Return after operating charges *	5.6593	(5.5744)	4.5098
Closing net asset value per share	141.1755	135.5162	141.0906
Retained distributions on accumulated shares	3.8619	3.4653	2.6500
*after direct transactions costs of:	-	-	-
Performance			
Return after charges	4.18%	(3.95%)	3.30%
Other information			
Closing net asset value	£80,523,677	£86,251,087	£87,431,130
Closing number of shares	57,037,979	63,646,331	61,968,084
Operating charges (note 2)	1.04%	0.80%	0.80%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	142.1396	143.5730	149.0702
Lowest share price	131.1643	124.9421	136.0583



## PERFORMANCE RECORD (Continued)

### Financial Highlights (Continued)

	Period 01 February 2021 to 06 July 2021 <sup>^</sup>
<b>Euro Net Accumulation</b>	
Changes in net assets per share	EUR cents
Opening net asset value per share	231.0427
Return before operating charges	24.8823
Operating charges (note 1)	(5.0400)
Return after operating charges *	19.8423
Closing net asset value per share	250.8850
Retained distributions on accumulated shares	2.0000
*after direct transactions costs of:	-
Performance	
Return after charges	8.59%
Other information	
Closing net asset value	-
Closing number of shares	-
Operating charges (note 2)	2.09%
Direct transaction costs	0.00%
Prices	
Highest share price	250.8850
Lowest share price	232.4332

<sup>^</sup>Share class closed on 06 July 2021.

1. The operating charges per share figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.

2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund plus the costs of the open-ended funds the Sub-fund holds. Note, the 2023 and 2022 operating charges percentage also includes the underlying costs of investment trusts as per regulatory and Industry guidance issued in 2020, this was later changed to exclude underlying costs of investment trusts in December 2023.

#### Risk Profile

Based on past data, the Sub-fund is ranked a '5' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document (31 January 2023: ranked 4). The Sub-fund is ranked 5 because monthly historical performance data indicates that relatively high rises and falls in market prices would have occurred historically.

## PORTFOLIO STATEMENT

As at 31 January 2024

Holding	Value £	% of net assets
<b>Collective Investment Scheme (31.01.2023: 74.55%)</b>		
1,858,500 Allianz Strategic Bond	1,670,606	1.91%
4,810,000 Artemis High Income	3,430,492	3.91%
3,740,000 Aviva Investors Multi-Strategy Target Return	4,912,864	5.59%
114,000 Baillie Gifford Japanese	1,743,060	1.98%
1,550,000 Fidelity Emerging Markets Fund	2,509,450	2.86%
163 Fidelity Asia Pacific Opportunities	447	0.00%
1,864,000 First Sentier Global Listed Infrastructure	4,061,842	4.62%
429,000 Fundsmith Equity	2,609,822	2.97%
716,000 HSBC American Index	6,191,252	7.05%
6,490,000 HSBC FTSE 100 Index	8,253,982	9.40%
2,508,000 iShares Overseas Corporate Bond Index (UK)	4,045,825	4.61%
390,000 iShares Pacific Ex Japan Equity Tracker	1,686,394	1.92%
413,000 Invesco European Equity (UK)	2,630,397	2.99%
54,700 Jupiter European Fund	1,798,585	2.05%
4,710,000 Jupiter Strategic Bond	2,599,449	2.96%
4,267,000 Legal & General UK Mid Cap Index	2,617,378	2.98%
3,470,000 Legal & General All Stocks Gilt Index	3,344,386	3.81%
544,000 Liontrust Special Situations Fund	2,627,574	2.99%
955,000 Man GLG Japan CoreAlpha	2,452,440	2.79%
1,538,000 M&G Emerging Markets Bond	1,651,504	1.88%
1,142,000 M&G Global Dividend	3,489,952	3.97%
2,570,000 Royal London Short Duration Credit	2,466,686	2.81%
270,000 Rathbone Income	2,524,878	2.87%
1,985,000 Schroder US Smaller Companies	3,606,745	4.11%
2,430,000 Schroder Recovery	2,551,500	2.90%
1,020,000 Stewart Investors Worldwide Sustainability	2,541,738	2.89%
2,540,000 WS Ruffer Diversified Return	2,442,972	2.78%
	<b>80,462,220</b>	<b>91.60%</b>
<b>Exchange Traded Funds (31.01.2023: 19.80%)</b>		
	-	-
<b>Investments Trusts (31.01.2023: 4.52%)</b>		
765,455 Blackstone / GSO Loan Financing Ltd	379,367	0.43%
112,500 Cordiant Digital Infrastructure Ltd (SUB SHS)	563	0.00%
1,657,500 Cordiant Digital Infrastructure Ltd	1,170,195	1.33%
2,755,000 Hipgnosis Songs Fund Ltd	1,914,725	2.18%
	<b>3,464,850</b>	<b>3.94%</b>
<b>Real Estate Investment Trusts (31.01.2023: 0.89%)</b>		
1,170,000 Alternative Income REIT PLC	795,600	0.91%
	<b>795,600</b>	<b>0.91%</b>
<b>Portfolio of investments (31.01.2023: 99.76%)</b>		
	<b>84,722,670</b>	<b>96.45%</b>
<b>Net other assets (31.01.2023: 0.24%)</b>		
	<b>3,110,600</b>	<b>3.55%</b>
	<b>87,833,270</b>	<b>100.00%</b>

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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	£
<b>Total purchases for the year (note 14)</b>	<b>89,497,797</b>
HSBC FTSE 100 Index	8,236,800
HSBC American Index	5,763,800
Aviva Investors Multi-Strategy Target Return	5,006,576
iShares Overseas Corporate Bond Index (UK)	4,099,046
First Sentier Global Listed Infrastructure	4,092,552
Royal London Short Duration Global High Yield Bond	3,866,237
Schroder US Smaller Companies	3,410,230
M&G Global Dividend	3,294,898
Artemis High Income	3,286,192
Legal & General All Stocks Gilt Index	3,257,983
Other various purchases	45,183,483

	£
<b>Total sales for the year (note 14)</b>	<b>102,306,704</b>
Fidelity Index UK	12,287,904
Fidelity Index US	12,029,464
WisdomTree Global Quality Dividend	6,659,700
Fidelity Index World	5,667,130
JPM GBP Ultra-Short Income UCITS ETF	4,660,155
Man GLG Sterling Corporate Bond	4,561,479
Royal London Short Duration Global High Yield Bond	4,064,996
WS Gresham House UK Multi Cap Income	4,209,819
FTF Martin Currie UK Equity Income	4,295,638
Lyxor Core FTSE Acturies UK Gilts(DR)UCITS ETF	3,854,862
Other various sales	40,015,557

The above represents the total purchases and sales during the year.

## STATEMENT OF TOTAL RETURN

For the year ended 31 January

		2024		2023	
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	2		1,591,099		(6,066,739)
Revenue	3	2,361,454		2,487,335	
Expenses	4	(499,284)		(511,634)	
Interest payable and similar charges	6	<u>(11,907)</u>		<u>(415)</u>	
Net revenue before taxation		1,850,263		1,975,286	
Taxation	5	<u>(318)</u>		<u>-</u>	
Net revenue after taxation			<u>1,849,945</u>		<u>1,975,286</u>
Total return before distributions			3,441,044		(4,091,453)
Finance costs: distributions	6		<u>(2,593,564)</u>		<u>(2,441,930)</u>
<b>Changes in net assets attributable to shareholders from investment activities</b>			<u>847,480</u>		<u>(6,533,383)</u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 January

	2024	2023
	£	£
<b>Opening net assets attributable to shareholders</b>	94,545,657	97,525,329
Amounts receivable on creation of shares	4,887,667	11,605,285
Amounts payable on cancellation of shares	(14,867,478)	(10,379,898)
Dividends reinvested	2,419,944	2,328,324
Changes in net assets attributable to shareholders from investment activities (see above)	<u>847,480</u>	<u>(6,533,383)</u>
<b>Closing net assets attributable to shareholders</b>	<u>87,833,270</u>	<u>94,545,657</u>

**BALANCE SHEET**

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As at	Notes	31.01.2024		31.01.2023	
		£	£	£	£
<b>ASSETS</b>					
Investment assets			84,722,670		94,320,443
<b>Current assets</b>					
Debtors	7	112,538		1,170,789	
Cash and bank balances	8	<u>3,213,261</u>		<u>916,193</u>	
<b>Total current assets</b>			<u>3,325,799</u>		<u>2,086,982</u>
<b>Total assets</b>			88,048,469		96,407,425
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Distribution payable on income shares		(18,364)		(31,160)	
Bank overdraft	8	-		(1,044,262)	
Creditors	9	<u>(196,835)</u>		<u>(786,346)</u>	
<b>Total current liabilities</b>			<u>(215,199)</u>		<u>(1,861,768)</u>
<b>Net assets attributable to shareholders</b>			<u>87,833,270</u>		<u>94,545,657</u>

## NOTES TO THE FINANCIAL STATEMENTS

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### 1 Accounting policies

The principal accounting policies, which have been applied in both the current and prior year, are set out on pages 7 to 8.

### 2 Net capital gains/(losses)

	2024	2023
	£	£
The net capital gains/(losses) comprise:		
Non-derivative securities gains/(losses)	1,599,136	(6,060,759)
Currency (losses)	(6,732)	(4,021)
Rebates from underlying holdings	153	-
Transaction charges (custodian)	(1,458)	(1,959)
Total net capital gains/(losses)	<u>1,591,099</u>	<u>(6,066,739)</u>

### 3 Revenue

	2024	2023
	£	£
Non-taxable dividends	1,402,347	1,447,409
Interest on non-derivative securities	830,316	885,246
Property income distributions (PIDs)	71,312	65,228
Bank interest	53,043	6,334
Investment Manager rebate	4,436	83,118
Total revenue	<u>2,361,454</u>	<u>2,487,335</u>

### 4 Expenses

	2024	2023
	£	£
<b>Payable to the Authorised Fund Manager, associates of the Authorised Fund Manager, and agents of either of them:</b>		
Annual management charge	437,304	449,365
	<u>437,304</u>	<u>449,365</u>
<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>		
Depositary fee	32,397	34,188
Safe custody fee	10,846	7,798
	<u>43,243</u>	<u>41,986</u>
<b>Other expenses:</b>		
Audit fee	8,848	7,711
FCA fee	26	46
Other expenses	9,863	12,526
	<u>18,737</u>	<u>20,283</u>
Total expenses	<u>499,284</u>	<u>511,634</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Taxation

	2024	2023
	£	£
<b>(a) Analysis of charge in the year</b>		
Overseas withholding tax	318	-
Total tax charge for the year (note 5b)	318	-

**(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 open-ended investment company 20.00% (2023: 20.00%) The differences are explained below:

Net revenue before UK corporation tax	1,850,263	1,975,286
Corporation tax at 20.00% (2023: 20.00%)	370,053	395,057
<b>Effects of:</b>		
Revenue not subject to UK corporation tax	(280,470)	(289,482)
Tax effect on rebates in capital	31	-
Excess management expenses (utilised)	(89,614)	(105,575)
Overseas withholding tax	318	-
Total tax charge for the year (note 5a)	318	-

**(c) Provision for deferred taxation**

At 31 January 2024 there is a potential deferred tax asset of £14,453 (31 January 2023: £104,067) in relation to surplus management expenses.

6 Finance costs

	2024	2023
	£	£
Interim dividend distributions	2,148,444	1,771,249
Final dividend distribution	394,728	672,367
	2,543,172	2,443,616
Add: Revenue deducted on cancellation of shares	69,875	36,727
Deduct: Revenue received on issue of shares	(19,483)	(38,413)
	2,593,564	2,441,930
<b>Net distribution for the year</b>	2,593,564	2,441,930
Interest payable and similar charges	11,907	415
<b>Total finance costs</b>	2,605,471	2,442,345

**Reconciliation of distributions**

Net revenue after taxation	1,849,945	1,975,286
Equalisation from collectives allocated to revenue	300,381	175,325
Expenses paid from capital (net of rebate)	494,848	428,516
Relief on expenses allocated to capital	(98,970)	(85,703)
Balance brought forward	16,855	(34,639)
Balance carried forward	30,505	(16,855)
<b>Net distribution for the year</b>	2,593,564	2,441,930

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Debtors	31.01.2024	31.01.2023
	£	£
Amounts receivable on creation of shares	20,788	52,507
Amounts receivable on unsettled trades	-	1,061,177
Accrued income:		
Non-taxable dividends receivable	34,317	48,422
Interest on non-derivative securities receivable	57,297	-
Prepayments	136	1,968
Investment Manager rebate receivable	-	6,715
Total debtors	<u>112,538</u>	<u>1,170,789</u>

8 Cash and bank balances	31.01.2024	31.01.2023
	£	£
Cash and bank balances	3,213,261	916,193
Bank overdraft	<u>-</u>	<u>(1,044,262)</u>

9 Creditors	31.01.2024	31.01.2023
	£	£
Amounts payable on cancellation of shares	133,847	69,189
Amounts payable on unsettled trades	-	652,010
<b>Payable to the Authorised Fund Manager, associates of the Authorised Fund Manager, and agents of either of them:</b>		
Annual management charge payable	39,440	38,724
<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>		
Depositary fees	2,893	2,888
Safe custody and other custodian charges	8,355	8,358
	<u>11,248</u>	<u>11,246</u>
Other accrued expenses	12,300	15,177
Total creditors	<u>196,835</u>	<u>786,346</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 10 Risk management policies

In pursuing its investment objective as stated on page 9, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments, those of its underlying holdings and the AFM's policies for managing these risks are summarised below. These policies have been applied throughout the year.

#### Market price risk

Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-fund holds. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the AFM in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 31 January 2024 would have increased/decreased by £8,472,267 (31 January 2023: £9,432,044).

#### Foreign currency risk

Foreign currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The Sub-fund's investment portfolio is partly invested in collective investment schemes that are registered overseas and funds that invest in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The AFM may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to Sterling on or near the date of receipt.

A portion of the net assets of the Sub-fund is denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by currency movements.

Net currency assets and liabilities consist of:

	Net monetary assets and liabilities		Non-monetary assets		Total net assets	
	£		£		£	
	31.01.2024	31.01.2023	31.01.2024	31.01.2023	31.01.2024	31.01.2023
Sterling	3,101,617	216,533	84,343,303	92,215,175	87,444,920	92,431,708
USD	8,435	8,681	-	1,600,556	8,435	1,609,237
Euros	548	-	379,367	504,712	379,915	504,712
Total	3,110,600	225,214	84,722,670	94,320,443	87,833,270	94,545,657

If foreign currency rates at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 31 January 2024 would have increased/decreased by £38,835 (31 January 2023: £211,395).

**10 Risk management policies (Continued)**

**Interest rate risk**

Interest rate risk is the risk to portfolio value due to changes in interest rates. The magnitude of the exposure from an adverse change in interest rates depends on the sensitivity of the instrument to changes in interest rates as well as the absolute change in interest rates. In general, values of long-term instruments are more sensitive to interest rate changes than the values of short-term instruments.

The Sub-fund takes on interest rate risk when the investment manager believes the expected returns compensate for the risk, limited by the investment objective, policy and any prospectus rules. The investment manager monitors the level of interest rate risk in the fund on a regular basis. In addition any cash deposits in the Sub-fund are linked to SONIA, ensuring interest income increases as interest rates increase.

The table below details the interest rate risk profile at the balance sheet date:

	31.01.2024	31.01.2023
	£	£
Financial assets floating rate	3,213,261	916,193
Financial assets interest bearing instruments	19,588,315	29,748,852
Financial assets non-interest bearing instruments	65,246,893	65,742,380
Financial liabilities floating rate	-	(1,044,262)
Financial liabilities non-interest bearing instruments	(215,199)	(817,506)
	<b>87,833,270</b>	<b>94,545,657</b>

At 31 January 2024, if interest rates increased or decreased by 0.25%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-fund would increase or decrease by approximately £8,033 (31 January 2023: £320).

**Liquidity risk**

The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any shares that the investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

**Credit risk**

Certain transactions in securities that the Sub-fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the AFM as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

Credit risk also arises on cash held within financial institutions and debt securities. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related. Indirect credit risk arises from holdings in collectives that invest in debt securities as any default or perceived risk of default will affect the valuation of such holdings.

**Fair value disclosure**

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

- Level 1: Unadjusted quoted price in an active market for an identical instrument;
- Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;
- Level 3: Valuation techniques using unobservable inputs.

Valuation Technique	31.01.2024		31.01.2023	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Unadjusted quoted price in an active market for an identical instrument	4,261	-	23,835	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1	80,462	-	70,485	-
Total	84,723	-	94,320	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 Shares held

Shares Held	Class A	
	Income	Accumulation
<b>Opening shares at 01.02.2023</b>	<b>609,466</b>	<b>774,490</b>
Shares issued during the period	28	-
Shares cancelled during the period	(13,991)	(94,635)
Shares converted during the period	(595,503)	(679,855)
<b>Closing shares as at 12.06.2023</b>	<b>-</b>	<b>-</b>

Shares Held	Class B	
	Income	Accumulation
<b>Opening shares at 01.02.2023</b>	<b>2,405,150</b>	<b>1,541,448</b>
Shares issued during the year	457,120	19,429
Shares cancelled during the year	(718,054)	(281,924)
Shares converted during the year	519,331	741,030
<b>Closing shares as at 31.12.2023</b>	<b>2,663,547</b>	<b>2,019,983</b>

Shares Held	Class C	
	Income	Accumulation
<b>Opening shares at 01.02.2023</b>	<b>750,374</b>	<b>63,646,331</b>
Shares issued during the year	21,765	3,177,510
Shares cancelled during the year	-	(9,935,649)
Shares converted during the year	9,655	149,787
<b>Closing shares as at 31.12.2023</b>	<b>781,794</b>	<b>57,037,979</b>

12 Contingent assets and liabilities

At 31 January 2024, the Sub-fund had no contingent liabilities or commitments (31 January 2023: £nil).

13 Post balance sheet events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 31 January 2024. Since that date, the Sub-fund's quoted price has moved as follows for each share class:

Share Class	Price at 31 January 2024	Price at 21 May 2024
B Sterling Net Income	119.5681p	126.5117p
B Sterling Net Accumulation	163.8095p	174.3683p
C Sterling Net Income	113.3105p	120.0004p
C Sterling Net Accumulation	141.1755p	150.4123p

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**14 Direct transaction costs**

	2024		2023	
	£	%	£	%
<b>Analysis of total purchase costs</b>				
Purchases in the year before transaction costs	89,497,797		44,680,804	
Commissions	-	0.00%	304	0.00%
Taxes & Levies	-	0.00%	422	0.00%
Total purchase costs	-	0.00%	726	0.00%
Total purchases including transaction costs	<u>89,497,797</u>		<u>44,681,530</u>	

	2024		2023	
	£	%	£	%
<b>Analysis of total sale costs</b>				
Sales in the year before transaction costs	102,306,750		42,305,624	
Commissions	(43)	(0.00%)	(608)	(0.00%)
Taxes & Levies	(3)	(0.00%)	(9)	(0.00%)
	<u>(46)</u>	<u>(0.00%)</u>	<u>(617)</u>	<u>(0.00%)</u>
Total sales net of transaction costs	<u>102,306,704</u>		<u>42,305,007</u>	

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

	2024	% of average	2023	% of average
	£	net asset value	£	net asset value
Commissions	43	0.00%	912	0.00%
Taxes & Levies	3	0.00%	431	0.00%
	<u>46</u>	<u>0.00%</u>	<u>1,343</u>	<u>0.00%</u>

**15 Portfolio Dealing Spread**

The average portfolio dealing spread at 31 January 2024 is 0.16% (31 January 2023: 0.12%).

**16 Related Party transactions**

Valu-Trac Investment Management Limited, as AFM is a related party due to its ability to act in respect of the operations of the Sub-fund.

Amounts paid to the AFM and its associates are disclosed in note 4. The amounts due to the AFM and its associates at the balance sheet date are disclosed in note 9. Amounts received from the AFM and its associates are disclosed in note 3. Amounts due from the AFM and its associates at the balance sheet date are disclosed in note 7.

## DISTRIBUTION TABLES

### Q1 Interim distributions in pence per share

Group 1: Shares purchased prior to 01 February 2023

Group 2: Shares purchased 01 February 2023 to 30 April 2023

Payment date	Unit Type	Share Class	Net Revenue 2023	Equalisation 2023	Distribution 2023	Distribution 2022
30.06.2023	group 1	A Sterling Net Income	1.2795p	-	1.2795p	0.9127p
30.06.2023	group 2	A Sterling Net Income	0.7068p	0.5727p	1.2795p	0.9127p
30.06.2023	group 1	A Sterling Net Accumulation	2.3778p	-	2.3778p	1.6535p
30.06.2023	group 2	A Sterling Net Accumulation	2.3778p	-	2.3778p	1.6535p
30.06.2023	group 1	B Sterling Net Income	1.3938p	-	1.3938p	0.9875p
30.06.2023	group 2	B Sterling Net Income	1.2995p	0.0943p	1.3938p	0.9875p
30.06.2023	group 1	B Sterling Net Accumulation	1.8558p	-	1.8558p	1.2815p
30.06.2023	group 2	B Sterling Net Accumulation	0.5056p	1.3502p	1.8558p	1.2815p
30.06.2023	group 1	C Sterling Net Income	1.3173p	-	1.3173p	0.9237p
30.06.2023	group 2	C Sterling Net Income	-	1.3173p	1.3173p	0.9237p
30.06.2023	group 1	C Sterling Net Accumulation	1.5950p	-	1.5950p	1.1069p
30.06.2023	group 2	C Sterling Net Accumulation	0.5981p	0.9969p	1.5950p	1.1069p

### Q2 Interim distributions in pence per share

Group 1: Shares purchased prior to 01 May 2023

Group 2: Shares purchased 01 May 2023 to 31 July 2023

Payment date	Unit Type	Share Class	Net Revenue 2023	Equalisation 2023	Distribution 2023	Distribution 2022
29.09.2023	group 1	A Sterling Net Income	-	-	-	0.8193p
29.09.2023	group 2	A Sterling Net Income	-	-	-	0.8193p
29.09.2023	group 1	A Sterling Net Accumulation	-	-	-	1.4959p
29.09.2023	group 2	A Sterling Net Accumulation	-	-	-	1.4959p
29.09.2023	group 1	B Sterling Net Income	0.7143p	-	0.7143p	0.8876p
29.09.2023	group 2	B Sterling Net Income	0.0652p	0.6491p	0.7143p	0.8876p
29.09.2023	group 1	B Sterling Net Accumulation	0.9623p	-	0.9623p	1.1611p
29.09.2023	group 2	B Sterling Net Accumulation	0.4748p	0.4875p	0.9623p	1.1611p
29.09.2023	group 1	C Sterling Net Income	0.6756p	-	0.6756p	0.8362p
29.09.2023	group 2	C Sterling Net Income	0.5654p	0.1102p	0.6756p	0.8362p
29.09.2023	group 1	C Sterling Net Accumulation	0.8278p	-	0.8278p	0.9945p
29.09.2023	group 2	C Sterling Net Accumulation	0.4086p	0.4192p	0.8278p	0.9945p

**DISTRIBUTION TABLES (Continued)****Q3 Interim distributions in pence per share**

Group 1: Shares purchased prior to 01 August 2023

Group 2: Shares purchased 01 August 2023 to 31 October 2023

Payment date	Unit Type	Share Class	Net Revenue 2023	Equalisation 2023	Distribution 2023	Distribution 2022
29.12.2023	group 1	A Sterling Net Income	-	-	-	0.3269p
29.12.2023	group 2	A Sterling Net Income	-	-	-	0.3269p
29.12.2023	group 1	A Sterling Net Accumulation	-	-	-	0.6012p
29.12.2023	group 2	A Sterling Net Accumulation	-	-	-	0.6012p
29.12.2023	group 1	B Sterling Net Income	0.6901p	-	0.6901p	0.3548p
29.12.2023	group 2	B Sterling Net Income	0.1945p	0.4956p	0.6901p	0.3548p
29.12.2023	group 1	B Sterling Net Accumulation	0.9355p	-	0.9355p	0.4675p
29.12.2023	group 2	B Sterling Net Accumulation	0.4670p	0.4685p	0.9355p	0.4675p
29.12.2023	group 1	C Sterling Net Income	0.6533p	-	0.6533p	0.3347p
29.12.2023	group 2	C Sterling Net Income	-	0.6533p	0.6533p	0.3347p
29.12.2023	group 1	C Sterling Net Accumulation	0.8053p	-	0.8053p	0.4011p
29.12.2023	group 2	C Sterling Net Accumulation	0.5748p	0.2305p	0.8053p	0.4011p

**Final distributions in pence per share**

Group 1: Shares purchased prior to 01 November 2023

Group 2: Shares purchased 01 November 2023 to 31 January 2024

Payment date	Unit Type	Share Class	Net Revenue 2024	Equalisation 2024	Distribution 2024	Distribution 2023
28.03.2024	group 1	A Sterling Net Income	-	-	-	0.7798p
28.03.2024	group 2	A Sterling Net Income	-	-	-	0.7798p
28.03.2024	group 1	A Sterling Net Accumulation	-	-	-	1.4389p
28.03.2024	group 2	A Sterling Net Accumulation	-	-	-	1.4389p
28.03.2024	group 1	B Sterling Net Accumulation	0.7358p	-	0.7358p	1.1211p
28.03.2024	group 2	B Sterling Net Accumulation	0.2282p	0.5076p	0.7358p	1.1211p
28.03.2024	group 1	B Sterling Net Income	0.5395p	-	0.5395p	0.8481p
28.03.2024	group 2	B Sterling Net Income	0.0103p	0.5292p	0.5395p	0.8481p
28.03.2024	group 1	C Sterling Net Income	0.5110p	-	0.5110p	0.8008p
28.03.2024	group 2	C Sterling Net Income	-	0.5110p	0.5110p	0.8008p
28.03.2024	group 1	C Sterling Net Accumulation	0.6338p	-	0.6338p	0.9628p
28.03.2024	group 2	C Sterling Net Accumulation	0.2164p	0.4174p	0.6338p	0.9628p

**Information for corporate shareholders**

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 59.50% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 40.50% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.

## SUB-FUND OVERVIEW

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<b>Name of Sub-fund</b>	Discovery Growth Fund
<b>Size of Sub-fund</b>	£34,151,111
<b>Launch date</b>	23 October 2006
<b>Sub-fund objective and policy</b>	<p>The objective of the Sub-fund is to provide capital growth over a market cycle (5 years).</p> <p>The Sub-fund will primarily gain exposure indirectly via eligible collective investment schemes and other collective investment vehicles (for example, investment companies, exchange traded funds) to a range of eligible assets such as transferable securities (shares (including investment trusts), debentures, government and public securities, warrants or certificates representing certain securities), money market instruments, deposits, cash, property and commodities to provide diversification. The Sub-fund may also invest directly in such eligible assets (excluding property and commodities). Derivatives will be used only for the purpose of Efficient Portfolio Management.</p> <p>The Sub-fund will be constructed based on the Investment Manager's assessment of the broader economic outlook as well as the absolute and relative attractiveness of different asset classes. This analysis, combined with the view on the potential risk profile and relative risk-adjusted returns of asset classes will determine the current asset allocation of the Sub-fund.</p> <p>Typically, the Sub-fund is likely to have greater exposure to higher risk assets such as underlying equities and commodities with a view to achieving higher growth, and less exposure to underlying cash, fixed interest and property assets, than other funds in the range.</p> <p>The Investment Manager will use a wide range of assets and asset classes to provide a diversified investment approach and will actively alter the weights of the component parts where necessary with a view to achieving the investment objective. The Sub-fund might have the ability to be fully invested in one class of asset, but in reality, due to creating a diversified investment solution, it will be exposed to numerous managers, geographies, asset classes and styles.</p>
<b>Benchmark</b>	<p>The Sub-fund is not managed to or constrained by a benchmark, and nor does the AFM use a benchmark in order to assess performance.</p> <p>However, many funds sold in the UK are grouped into sectors by the Investment Association (the "IA") (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.</p> <p>In order to assess the Sub-fund's performance, investors may find it useful to compare the Sub-fund against the performance of the IA Flexible Investment sector, which serves as a method of comparing the Sub-fund's performance with other funds which have broadly similar characteristics.</p>
<b>Authorised Fund Manager (AFM)</b>	Valu-Trac Investment Management Limited
<b>Ex-distribution dates</b>	31 January
<b>Distribution dates</b>	31 March
<b>Individual Savings Account (ISA)</b>	The Sub-fund is a qualifying investment for inclusion in an ISA.

## SUB-FUND OVERVIEW (Continued)

### Share class information

Share class	Minimum initial subscription	Minimum subsequent investment	Minimum holding	Monthly savings available	Minimum redemption	Initial charge
<b>A Sterling Net Accumulation Shares*</b>	£3,000	£1,000	£3,000	Yes	£1,000	5%
<b>B Sterling Net Accumulation Shares</b>	£3,000	£1,000	£3,000	Yes	£1,000	0%
<b>C Sterling Net Accumulation Shares**</b>	£5,000,000	£500,000	£5,000,000	Yes	£500,000	0%
<b>US \$ Net Accumulation Shares</b>	\$5,000	\$1,500	\$5,000	Yes	\$1,500	5%
<b>Euro Net Accumulation Shares</b>	€ 5,000	€ 1,500	€ 5,000	Yes	€ 1,500	5%

\* A Class shares closed since 12 June 2023

\*\* C Class shares are available only to investors with a separate arrangement with the AFM or the Investment Manager.

### Annual management charges to 11 June

2023

£25,000 per annum<sup>^</sup> plus:

A Shares - 1.45%

B Shares - 0.70%

C Shares - 0.40%

US \$ & Euro Shares - 1.55%

The above percentages being a percentage of the Net Asset Value of the Sub-fund attributable to the relevant class (plus VAT if applicable).

<sup>^</sup>The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 January each year (from 1 January 2020). In the event of negative inflation, the fixed element of the fee will remain unchanged.

### Annual management charges from 12

June 2023

£53,431 per annum<sup>^^</sup> plus:

A variable fee based on the Net Asset Value of the Sub-fund as follows

- Up to £100 million – 1.5 bps (0.015%) per annum

- £100 million to £250 million – 0.75 bps (0.0075%) per annum

- £250 million to £500 million – 0.50 bps (0.0050%) per annum

- thereafter – 0.25 bps (0.0025%) per annum

Plus:

B Shares - 0.70%

C Shares - 0.40%

US \$ & Euro Shares - 1.55%

The above percentages being a percentage of the Net Asset Value of the Sub-fund attributable to the relevant class (plus VAT if applicable).

<sup>^^</sup> The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 January each year (from 1 January 2024). In the event of negative inflation, the fixed element of the fee will remain unchanged.

### Investment Manager rebate

The Investment Manager of the Sub-fund had undertaken to absorb any costs that would otherwise cause the C shares to have ongoing charges in excess of 0.80%. This rebate arrangement ceased on 03 March 2023.



## INVESTMENT MANAGER'S REVIEW

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In the year to end of January 2024, the unit price of the Discovery Growth Fund (as measured by the C Accumulation unit) grew by 5.69%, approximately 2% ahead of a generally accepted peer group average (which is an amalgam of "managed" investment funds that invest across the asset classes but with a focus on equities). The sector is known as the Flexible Investment sector.

The portfolio is managed using the "fund of funds" approach which instead of investing directly in the shares or debt of companies such as Marks & Spencer, Apple, ITV, BMW, Sony, Proctor & Gamble, BP or any stock market listed company on any of the global stock exchanges, the manager invests in mutual funds – those offered by companies such as Invesco, Jupiter, M&G or Aviva. A typical "mutual fund" portfolio might contain shares of 50-100 underlying companies; a typical "fund of funds" portfolio might contain 15-30 funds. Therefore, do not be too concerned when looking at what looks like a relatively small "stock list". In reality, a fund of funds portfolio is much more diversified than a typical mutual fund.

A great advantage of investing in a fund of funds portfolio is the benefit of diversification – each investment manager included in the fund can invest in different assets and asset classes – equity, debt, or property for instance. Further to this, the manager can dive deeper into different sub sectors – market capitalisation, term of debt, quality of debt, streams of income and so on which allows further diversification. Another advantage to this is "managing the manager" – the investment manager that runs a fund. The role of a fund of funds manager is to balance and blend styles to deliver a portfolio that meets with the investment objectives.

At the start of the period the number of holdings in the portfolio was 29 and this had reduced to 27 by the end of the period. At a high level, the broad asset weighting in the portfolio saw a reduction in the weighting to equities from 81% to 74% following the introduction of a new Absolute Return fund. These alterations at an underlying level were relatively minor with the main change being an increase to the Emerging Markets equity sector via the introduction of a new fund focused on India.

We believe the changes to the asset allocation and the introduction of new holdings will set the portfolio in good stead looking forward and barring further significant political and/or economic upheaval we are confident portfolio activity going forward is likely to be more muted compared to the past twelve-month period.

James Kempster  
Fund Manager  
Hawksmoor Investment Management Limited  
12 March 2024

## PERFORMANCE RECORD

### Financial Highlights

	Period 01 February 2023 to 12 June 2023 <sup>^</sup>	Year ended 31 January 2023	Year ended 31 January 2022
<b>A Sterling Net Accumulation</b>			
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	164.7502	170.3867	166.8087
Return before operating charges	1.3091	(2.2349)	7.3546
Operating charges (note 1)	(1.3523)	(3.4016)	(3.7766)
Return after operating charges *	(0.0432)	(5.6365)	3.5780
Closing net asset value per share	164.7070	164.7502	170.3867
Retained distributions on accumulation shares	-	0.1284	-
*after direct transactions costs of:	-	-	0.0674
Performance			
Return after charges	(0.03%)	(3.31%)	2.14%
Other information			
Closing net asset value	-	£101,010	£163,474
Closing number of shares	-	61,311	95,943
Operating charges (note 2)	2.27%	2.03%	2.24%
Direct transaction costs	0.00%	0.00%	0.04%
Prices			
Highest share price	169.0911	174.8466	182.5990
Lowest share price	158.8065	151.6360	166.2408

<sup>^</sup>Share class closed on 12 June 2023 following mandatory conversion of shares.

	Year ended 31 January 2024	Year ended 31 January 2023	Year ended 31 January 2022
<b>B Sterling Net Accumulation</b>			
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	189.3845	194.3954	188.9100
Return before operating charges	13.8584	(2.5547)	8.3410
Operating charges (note 1)	(2.9615)	(2.4562)	(2.8556)
Return after operating charges *	10.8969	(5.0109)	5.4854
Closing net asset value per share	200.2814	189.3845	194.3954
Retained distributions on accumulation shares	4.0772	1.5517	1.1382
*after direct transactions costs of:	-	-	0.0767
Performance			
Return after charges	5.75%	(2.58%)	2.90%
Other information			
Closing net asset value	£1,819,154	£1,680,352	£1,799,451
Closing number of shares	908,299	887,270	925,666
Operating charges (note 2)	1.52%	1.28%	1.49%
Direct transaction costs	0.00%	0.00%	0.04%
Prices			
Highest share price	201.0400	199.5288	208.0400
Lowest share price	182.7363	173.9202	188.4137

**PERFORMANCE RECORD (Continued)**

**Financial Highlights (Continued)**

<b>C Sterling Net Accumulation</b>	<b>Year ended 31 January 2024</b>	<b>Year ended 31 January 2023</b>	<b>Year ended 31 January 2022</b>
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	155.9119	158.5505	153.2800
Return before operating charges	10.7960	(1.3808)	6.5178
Operating charges (note 1)	(1.9242)	(1.2578)	(1.2473)
Return after operating charges *	8.8718	(2.6386)	5.2705
Closing net asset value per share	164.7837	155.9119	158.5505
Retained distributions on accumulated shares	3.2704	2.7023	1.7685
*after direct transactions costs of:	-	-	0.0624
Performance			
Return after charges	5.69%	(1.66%)	3.44%
Other information			
Closing net asset value	£32,324,557	£33,457,576	£28,376,286
Closing number of shares	19,616,361	21,459,289	17,897,321
Operating charges (note 2)	1.20%	0.80%	0.80%
Direct transaction costs	0.00%	0.00%	0.04%
Prices			
Highest share price	165.3685	162.7355	169.4919
Lowest share price	150.5223	142.9752	152.9566

<b>US \$ Net Accumulation</b>	<b>Year ended 31 January 2024</b>	<b>Year ended 31 January 2023</b>	<b>Year ended 31 January 2022</b>
Changes in net assets per share	USDc	USDc	USDc
Opening net asset value per share	187.8524	211.4894	212.0040
Return before operating charges	19.4773	(19.3840)	4.4403
Operating charges (note 1)	(4.6281)	(4.2530)	(4.9549)
Return after operating charges	14.8492	(23.6370)	(0.5146)
Closing net asset value per share	202.7016	187.8524	211.4894
Retained distributions on accumulation shares	2.4786	-	-
*after direct transactions costs of:	-	-	0.0847
Performance			
Return after charges	7.90%	(11.18%)	(0.24%)
Other information			
Closing net asset value	\$29,813	\$27,629	\$31,105
Closing number of shares	14,708	14,708	14,708
Operating charges (note 2)	2.37%	2.13%	2.34%
Direct transaction costs	0.00%	0.00%	0.04%
Prices			
Highest share price	204.8441	219.6759	231.9544
Lowest share price	177.8863	156.2351	211.4894

## PERFORMANCE RECORD (Continued)

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1. The operating charges per share figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.
2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund plus the costs of the open-ended funds the Sub-fund holds. Note, the 2023 and 2022 operating charges percentage also includes the underlying costs of investment trusts as per regulatory and Industry guidance issued in 2020, this was later changed to exclude underlying costs of investment trusts in December 2023.

### **Risk Profile**

Based on past data, the Sub-fund is ranked a 5 on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document (31 January 2023: ranked 5). The Sub-fund is ranked 5 because monthly historical performance data indicates that relatively high rises and falls in market prices would have occurred historically.

## PORTFOLIO STATEMENT

As at 31 January 2024

Holding	Value £	% of net assets
<b>Collective Investment Scheme (31.01.2023: 83.91%)</b>		
1,450,000 Aviva Investors Multi-Strategy Target Return	1,904,720	5.57%
158,250 AXA Framlington Health	675,569	1.97%
55,200 Baillie Gifford Japanese	1,007,952	2.95%
796,000 Fidelity Emerging Markets Fund	1,288,724	3.77%
54 Fidelity Asia Pacific Opportunities	147	0.00%
363,000 First Sentier Global Listed Infrastructure	1,276,235	3.74%
198,500 Fundsmith Equity	1,345,254	3.94%
249,500 HSBC American Index	2,739,236	8.02%
893,000 HSBC FTSE 100 Index	2,600,327	7.61%
207,500 Invesco European Equity (UK)	1,321,568	3.87%
1,003,000 iShares Overseas Corporate Bond Index (UK)	1,618,008	4.74%
301,500 iShares Pacific Ex Japan Equity Tracker	1,303,712	3.82%
29,900 Jupiter European Fund	1,057,707	3.10%
468,000 Jupiter India Fund	1,061,143	3.11%
1,647,000 Legal & General UK Mid Cap Index	1,010,270	2.96%
345,000 Legal & General All Stocks Gilt Index	646,185	1.89%
813,000 Liontrust Special Situations	1,014,461	2.97%
491,000 Man GLG Japan CoreAlpha	1,260,888	3.69%
334,500 M&G Emerging Markets Bond	658,497	1.93%
440,000 M&G Global Dividend	1,344,640	3.94%
49,000 Rathbone Income	978,824	2.87%
876,000 Royal London Corporate Bond	1,313,123	3.85%
940,000 Schroder Recovery	987,000	2.89%
1,145,000 Schroder US Smaller Companies	2,104,510	6.16%
345,000 Stewart Investors Worldwide Sustainability	984,320	2.88%
954,000 WS Ruffer Diversified Return	944,841	2.77%
	<b>32,447,861</b>	<b>95.01%</b>
<b>Exchange Traded Funds (31.01.2023: 13.51%)</b>		
	-	-
<b>Investment Trusts (31.01.2023: 2.00%)</b>		
702,000 Augmentum Fintech PLC	702,000	2.06%
	<b>702,000</b>	<b>2.06%</b>
<b>Portfolio of investments (31.01.2023: 99.42%)</b>	<b>33,149,861</b>	<b>97.07%</b>
<b>Net other assets (31.01.2023: 0.58%)</b>	<b>1,001,250</b>	<b>2.93%</b>
	<b>34,151,111</b>	<b>100.00%</b>

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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<b>Total purchases for the year (note 14)</b>	<b>£</b> <b>37,271,754</b>
HSBC FTSE 100 Index	2,551,301
HSBC American Index	2,549,890
Vanguard Global Emerging Markets	2,323,729
Schroder US Smaller Companies	1,990,010
Aviva Investors Multi-Strategy Target Return	1,895,440
iShares Overseas Corporate Bond Index (UK)	1,581,286
Fidelity Index World	1,341,951
Invesco European Equity (UK)	1,340,513
Fidelity Emerging Markets	1,297,852
First Sentier Global Listed Infrastructure	1,279,648
Other various purchases	19,120,134
<b>Total sales for the year (note 14)</b>	<b>£</b> <b>41,184,611</b>
Fidelity Index US	5,596,057
Fidelity Index UK	4,623,886
WisdomTree Global Quality Dividend	2,952,263
Fidelity Index World	2,715,959
Vanguard Global Emerging Markets	2,345,046
Man GLG Sterling Corporate Bond	2,211,381
FTF Martin Currie UK Equity Income Fund	1,621,407
Fidelity Emerging Markets	1,589,658
HSBC European Index	1,422,293
The SEI Liquid Alternative	1,394,088
Other various sales	14,712,573

The above represents the total purchases and sales during the year.

## STATEMENT OF TOTAL RETURN

### For the year ended 31 January

		2024		2023	
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	2		1,301,692		(1,009,879)
Revenue	3	809,779		653,738	
Expenses	4	(225,367)		(204,775)	
Interest payable and similar charges	6	(3,552)		(196)	
Net revenue before taxation		580,860		448,767	
Taxation	5	-		-	
Net revenue after taxation			580,860		448,767
Total return before distributions			1,882,552		(561,112)
Finance costs: distributions	6		(706,711)		(565,872)
<b>Changes in net assets attributable to shareholders from investment activities</b>			<b>1,175,841</b>		<b>(1,126,984)</b>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 31 January

	2024	2023
	£	£
<b>Opening net assets attributable to shareholders</b>	35,240,781	30,369,894
Amounts receivable on creation of shares	2,551,440	7,465,058
Amounts payable on cancellation of shares	(5,490,768)	(2,065,958)
Dividends reinvested	673,817	598,771
Changes in net assets attributable to shareholders from investment activities (see above)	1,175,841	(1,126,984)
<b>Closing net assets attributable to shareholders</b>	<b>34,151,111</b>	<b>35,240,781</b>

**BALANCE SHEET**

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As at	Notes	31.01.2024		31.01.2023	
		£	£	£	£
<b>ASSETS</b>					
Investment assets			33,149,861		35,036,324
<b>Current assets</b>					
Debtors	7	68,648		175,521	
Cash and bank balances	8	985,199		194,594	
<b>Total current assets</b>			<u>1,053,847</u>		<u>370,115</u>
<b>Total assets</b>			34,203,708		35,406,439
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Bank overdraft	8	(12)		(42,319)	
Creditors	9	(52,585)		(123,339)	
<b>Total current liabilities</b>			<u>(52,597)</u>		<u>(165,658)</u>
<b>Net assets attributable to shareholders</b>			<u>34,151,111</u>		<u>35,240,781</u>



## NOTES TO THE FINANCIAL STATEMENTS

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### 1 Accounting policies

The principal accounting policies, which have been applied in both the current and prior year, are set out on pages 7 to 8.

### 2 Net capital gains/(losses)

	2024	2023
	£	£
The net capital gains/(losses) comprise:		
Non-derivative securities gains/(losses)	1,301,355	(1,008,842)
Currency (losses)/gains	(12)	221
Rebates from underlying holdings	(238)	302
Transaction charges (custodian)	587	(1,560)
Total net capital gains/(losses)	<u>1,301,692</u>	<u>(1,009,879)</u>

### 3 Revenue

	2024	2023
	£	£
Non-taxable dividends	531,378	388,430
Interest on non-derivative securities	252,593	196,130
Property income distributions (PIDs)	-	4,680
Bank interest	20,853	6,135
Investment Manager rebate	4,955	58,363
Total revenue	<u>809,779</u>	<u>653,738</u>

### 4 Expenses

	2024	2023
	£	£
<b>Payable to the Authorised Fund Manager, associates of the Authorised Fund Manager, and agents of either of them:</b>		
Annual management charge	189,521	167,568
	<u>189,521</u>	<u>167,568</u>
<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>		
Depositary fee	17,996	18,000
Safe custody fee	4,396	2,712
	<u>22,392</u>	<u>20,712</u>
<b>Other expenses:</b>		
Audit fee	8,848	7,730
FCA fee	26	115
Other expenses	4,580	8,650
	<u>13,454</u>	<u>16,495</u>
Total expenses	<u>225,367</u>	<u>204,775</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Taxation

	2024	2023
	£	£
<b>(a) Analysis of charge in the year</b>		
UK corporation tax	-	-
Total tax charge for the year (note 5b)	-	-
<b>(b) Factors affecting current tax charge for the year</b>		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company 20.00% (2023: 20.00%). The differences are explained below:		
Net revenue before UK corporation tax	580,860	448,767
Corporation tax at 20.00% (2023: 20.00%)	116,172	89,753
<u>Effects of:</u>		
Revenue not subject to taxation	(106,275)	(77,685)
Tax effect on rebates in capital	(48)	60
Excess management expenses (utilised)	(9,849)	(12,128)
Total tax charge for the year (note 5a)	-	-

**(c) Provision for deferred taxation**

At 31 January 2024 there is a potential deferred tax asset of £135,375 (31 January 2023: £145,224) in relation to surplus management expenses.

6 Finance costs

	2024	2023
	£	£
Final dividend distribution	678,848	598,771
Amendment to prior period distribution	(5,031)	-
	673,817	598,771
Add: Revenue deducted on cancellation of shares	68,155	20,165
Deduct: Revenue received on issue of shares	(35,261)	(53,064)
<b>Net distribution for the year</b>	706,711	565,872
Interest payable and similar charges	3,552	196
<b>Total finance costs</b>	710,263	566,068
<b>Reconciliation of distributions</b>		
Net revenue after taxation	580,860	448,767
Equalisation from collectives allocated to revenue	112,153	104,252
Balance brought forward	13,814	26,667
Balance carried forward	(116)	(13,814)
<b>Net distribution for the year</b>	706,711	565,872

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>7 Debtors</b>	<b>31.01.2024</b>	<b>31.01.2023</b>
	<b>£</b>	<b>£</b>
Amounts receivable on creation of shares	59,999	44
Amounts receivable on unsettled trades	-	162,560
Accrued income:		
Non-taxable dividends receivable	8,513	5,035
Prepayments	136	1,968
Investment Manager rebate receivable	-	5,914
<b>Total debtors</b>	<b>68,648</b>	<b>175,521</b>

<b>8 Cash and bank balances</b>	<b>31.01.2024</b>	<b>31.01.2023</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	985,199	194,594
Bank overdraft	(12)	(42,319)

<b>9 Creditors</b>	<b>31.01.2024</b>	<b>31.01.2023</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellation of shares	18,066	13,291
Amounts payable on unsettled trades	-	75,300
<b>Payable to the Authorised Fund Manager, associates of the Authorised Fund Manager, and agents of either of them:</b>		
Annual management charge payable	18,055	15,158
<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>		
Depositary fees	1,623	1,578
Safe custody and other custodian charges	3,383	2,958
	5,006	4,536
Other accrued expenses	11,458	15,054
<b>Total creditors</b>	<b>52,585</b>	<b>123,339</b>

**10 Risk management policies**

**Market price risk**

In pursuing its investment objective as stated on page 29, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments, comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments, those of its underlying holdings and the AFM's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-fund holds. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the AFM in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 31 January 2024 would have increased/decreased by £3,314,986 (31 January 2023: £3,503,632).

**Foreign currency risk**

Foreign currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The Sub-fund's investment portfolio is partly invested in collective investment schemes that are registered overseas and funds that invest in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The AFM may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to Sterling on or near the date of receipt.

A portion of the net assets of the Sub-fund is denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by currency movements.

Net currency assets and liabilities consist of:

	Net monetary assets and liabilities		Non-monetary assets		Total net assets	
	£		£		£	
	31.01.2024	31.01.2023	31.01.2024	31.01.2023	31.01.2024	31.01.2023
Sterling	1,000,319	204,457	33,149,861	35,036,324	34,150,180	35,240,781
Euro	931	-	-	-	931	-
Total	1,001,250	204,457	33,149,861	35,036,324	34,151,111	35,240,781

11 Risk management policies (Continued)

**Interest rate risk**

Interest rate risk is the risk to portfolio value due to changes in interest rates. The magnitude of the exposure from an adverse change in interest rates depends on the sensitivity of the instrument to changes in interest rates as well as the absolute change in interest rates. In general, values of long-term instruments are more sensitive to interest rate changes than the values of short-term instruments.

The Sub-fund takes on interest rate risk when the investment manager believes the expected returns compensate for the risk, limited by the investment objective, policy and any prospectus rules. The investment manager monitors the level of interest rate risk in the fund on a regular basis. In addition any cash deposits in the Sub-fund are linked to SONIA, ensuring interest income increases as interest rates increase.

The table below details the interest rate risk profile at the balance sheet date:

	31.01.2024	31.01.2023
	£	£
Financial assets floating rate	985,199	194,594
Financial assets interest bearing instruments	4,235,813	6,525,599
Financial assets non-interest bearing instruments	28,982,696	28,686,246
Financial liabilities floating rate	(12)	(42,319)
Financial liabilities non-interest bearing instruments	(52,585)	(123,339)
	<b>34,151,111</b>	<b>35,240,781</b>

At 31 January 2024, if interest rates increased or decreased by 0.25%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-fund would increase or decrease by approximately £2,463 (31 January 2023: £381).

**Maturity of financial liabilities**

The financial liabilities of the Sub-fund as at 31 January 2024 are payable either within one year or on demand.

**Liquidity risk**

The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any shares that the investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

**Credit risk**

Certain transactions in securities that the Sub-fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the AFM as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

Credit risk also arises on cash held within financial institutions and debt securities. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related. Indirect credit risk arises from holdings in collectives that invest in debt securities as any default or perceived risk of default will affect the valuation of such holdings.

**Fair value disclosure**

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

Valuation Technique	31.01.2024		31.01.2023	
	Assets (£000's)	Liabilities (£000's)	Assets (£000's)	Liabilities (£000's)
Level 1: Unadjusted quoted price in an active market for an identical instrument	702	-	5,466	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1	32,448	-	29,570	-
Total	33,150	-	35,036	-

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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### 11 Shares held

#### Shares Held - A Sterling Net Accumulation

<b>Opening shares at 01.02.2023</b>	<b>61,311</b>
Shares issued during the period	53
Shares cancelled during the period	-
Shares converted during the period	(61,364)
<b>Closing shares as at 12.06.2023</b>	<b>-</b>

#### Shares Held - B Sterling Net Accumulation

<b>Opening shares at 01.02.2023</b>	<b>887,270</b>
Shares issued during the year	612,183
Shares cancelled during the year	(644,464)
Shares converted during the year	53,310
<b>Closing shares as at 31.01.2024</b>	<b>908,299</b>

#### Shares Held - C Sterling Net Accumulation

<b>Opening shares at 01.02.2023</b>	<b>21,459,289</b>
Shares issued during the year	924,170
Shares cancelled during the year	(2,767,098)
Shares converted during the year	-
<b>Closing shares as at 31.01.2024</b>	<b>19,616,361</b>

#### Shares Held - US \$ Net Accumulation

<b>Opening shares at 01.02.2023</b>	<b>14,708</b>
Shares issued during the year	-
Shares cancelled during the year	-
Shares converted during the year	-
<b>Closing shares as at 31.01.2024</b>	<b>14,708</b>

### 12 Contingent assets and liabilities

At 31 January 2024, the Sub-fund had no contingent liabilities or commitments (31 January 2023: £nil).

### 13 Post balance sheet events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 31 January 2024. Since that date, the Sub-fund's quoted price has moved as follows for each share class:

<b>Share Class</b>	<b>Price at 31 January 2024</b>	<b>Price at 21 May 2024</b>
B Sterling Net Accumulation	200.2814p	213.4463p
C Sterling Net Accumulation	164.7837p	175.7729p
US \$ Net Accumulation	202.7016c	216.0156c

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**14 Direct transaction costs**

	2024		2023	
	£	%	£	%
<b>Analysis of total purchase costs</b>				
Purchases in the year before transaction costs	37,271,754		17,532,435	
Commissions	-	0.00%	325	0.00%
Taxes & levies	-	0.00%	309	0.00%
Total purchase costs	-	0.00%	634	0.00%
Total purchases including transaction costs	<u>37,271,754</u>		<u>17,533,069</u>	

	2024		2023	
	£	%	£	%
<b>Analysis of total sale costs</b>				
Sales in the year before transaction costs	41,184,625		11,082,035	
Commissions	(13)	(0.00%)	(909)	(0.01%)
Taxes & levies	(1)	(0.00%)	(26)	(0.00%)
Total sale costs	<u>(14)</u>	<u>(0.00%)</u>	<u>(935)</u>	<u>(0.01%)</u>
Total sales net of transaction costs	<u>41,184,611</u>		<u>11,081,100</u>	

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

	2024	% of average net asset value	2023	% of average net asset value
	£		£	
Commissions	13	0.00%	1,234	0.00%
Taxes & Levies	1	0.00%	335	0.00%
	<u>14</u>	<u>0.00%</u>	<u>1,569</u>	<u>0.00%</u>

**15 Portfolio Dealing Spread**

The average portfolio dealing spread at 31 January 2024 is 0.10% (31 January 2023: 0.12%).

**16 Related party transactions**

Valu-Trac Investment Management Limited, as AFM is a related party due to its ability to act in respect of the operations of the Sub-fund.

Amounts paid to the AFM and its associates are disclosed in note 4. The amounts due to the AFM and its associates at the balance sheet date are disclosed in note 9. Amounts received from the AFM and its associates are disclosed in note 3. Amounts due from the AFM and its associates at the balance sheet date are disclosed in note 7.

## DISTRIBUTION TABLES

### Final distributions in pence per share

Group 1: Shares purchased prior to 01 February 2023

Group 2: Shares purchased 01 February 2023 to 31 January 2024

Payment date	Unit Type	Share Class	Net Revenue 2024	Equalisation 2024	Distribution 2024	Distribution 2023
28.03.2024	group 1	A Sterling Net Accumulation	-	-	-	0.1284p
28.03.2024	group 2	A Sterling Net Accumulation	-	-	-	0.1284p
28.03.2024	group 1	B Sterling Net Accumulation	4.0772p	-	4.0772p	1.5517p
28.03.2024	group 2	B Sterling Net Accumulation	0.0520p	4.0252p	4.0772p	1.5517p
28.03.2024	group 1	C Sterling Net Accumulation	3.2704p	-	3.2704p	2.7023p
28.03.2024	group 2	C Sterling Net Accumulation	1.0515p	2.2189p	3.2704p	2.7023p
28.03.2024	group 1	US \$ Net Accumulation	1.9540p	-	1.9540p	-
28.03.2024	group 2	US \$ Net Accumulation	1.9540p	-	1.9540p	-

### Information for corporate shareholders

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 66.02% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 33.98% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.



## SUB-FUND OVERVIEW

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<b>Name of Sub-fund</b>	Discovery Cautious Fund
<b>Size of Sub-fund</b>	£50,090,050
<b>Launch date</b>	27 March 2019
<b>Sub-fund objective and policy</b>	<p>The objective of the Sub-fund is to provide returns through a combination of capital growth and income over a market cycle (5 years).</p> <p>The Sub-fund will primarily gain exposure indirectly via eligible collective investment schemes and other collective investment vehicles (for example, investment companies, exchange traded funds) to a range of eligible assets such as transferable securities (shares (including investment trusts), debentures, government and public securities, warrants or certificates representing certain securities), money market instruments, deposits, cash, property and commodities to provide diversification. The Sub-fund may also invest directly in such eligible assets (excluding property and commodities). Derivatives will be used only for the purpose of Efficient Portfolio Management.</p> <p>The Sub-fund will be constructed based on the Investment Manager's assessment of the broader economic outlook as well as the absolute and relative attractiveness of different asset classes. This analysis, combined with the view on the potential risk profile and relative risk-adjusted returns of asset classes will determine the current asset allocation of the Sub-fund.</p> <p>Typically, the Sub-fund is likely to take a cautious approach and have greater exposure to underlying cash, fixed interest and property assets, and less exposure to underlying equities and commodities, than other funds in the range.</p> <p>The Investment Manager will use a wide range of assets and asset classes to provide a diversified investment approach and will actively alter the weights of the component parts where necessary with a view to achieving the investment objective. The Sub-fund might have the ability to be fully invested in one class of asset, but in reality, due to creating a diversified investment solution, it will be exposed to numerous managers, geographies, asset classes and styles.</p>
<b>Benchmark</b>	<p>The Sub-fund is not managed to or constrained by a benchmark, and nor does the AFM use a benchmark in order to assess performance.</p> <p>However, many funds sold in the UK are grouped into sectors by the Investment Association (the "IA") (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.</p> <p>In order to assess the Sub-fund's performance, investors may find it useful to compare the Sub-fund against the performance of the IA Mixed Investment 20-60% Shares, which serves as a method of comparing the Sub-fund's performance with other funds which have broadly similar characteristics.</p>
<b>Authorised Fund Manager (AFM)</b>	Valu-Trac Investment Management Limited
<b>Ex-distribution dates</b>	31 January, 30 April, 31 July and 31 October
<b>Distribution dates</b>	31 March, 30 June, 30 September and 31 December
<b>Individual Savings Account (ISA)</b>	The Sub-fund is a qualifying investment for inclusion in an ISA.

## SUB-FUND OVERVIEW (Continued)

### Share class information

Share class	Minimum initial subscription	Minimum subsequent investment	Minimum holding	Monthly savings available	Minimum redemption	Initial charge
A Sterling Net Income Shares*	£3,000	£1,000	£3,000	Yes	£1,000	5%
A Sterling Net Accumulation Shares*	£3,000	£1,000	£3,000	Yes	£1,000	5%
B Sterling Net Income Shares	£3,000	£1,000	£3,000	Yes	£1,000	0%
B Sterling Net Accumulation Shares	£3,000	£1,000	£3,000	Yes	£1,000	0%
C Sterling Net Income Shares**	£5,000,000	£500,000	£5,000,000	Yes	£500,000	0%
C Sterling Net Accumulation Shares**	£5,000,000	£500,000	£5,000,000	Yes	£500,000	0%
D Sterling Net Accumulation Shares	£8,000,000	£1,000,000	£8,000,000	Yes	£1,000	0%
US \$ Net Accumulation Shares	\$5,000	\$1,500	\$5,000	Yes	\$1,500	5%
Euro Net Accumulation Shares	€ 5,000	€ 1,500	€ 5,000	Yes	€ 1,500	5%

\* A Class shares closed to investment since 12 June 2023

\*\* C Class shares are available only to investors with a separate arrangement with the AFM or the Investment Manager.

### Annual management charges to 11

June 2023

£25,000 per annum<sup>^</sup> plus:

A Shares - 1.45%  
 B Shares - 0.70%  
 C Shares - 0.40%  
 D Shares - 0.25%  
 US \$ & Euro Shares - 1.55%

The above percentages being a percentage of the Net Asset Value of the Sub-fund attributable to the relevant class (plus VAT if applicable).

<sup>^</sup>The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 January each year (from 1 January 2020). In the event of negative inflation, the fixed element of the fee will remain unchanged.

### Annual management charges from 12

June 2023

£53,431 per annum<sup>^^</sup> plus:

A variable fee based on the Net Asset Value of the Sub-fund as follows  
 - Up to £100 million – 1.5 bps (0.015%) per annum  
 - £100 million to £250 million – 0.75 bps (0.0075%) per annum  
 - £250 million to £500 million – 0.50 bps (0.0050%) per annum  
 - thereafter – 0.25 bps (0.0025%) per annum

Plus:  
 B Shares - 0.70%  
 C Shares - 0.40%  
 D Shares - 0.25%  
 US \$ & Euro Shares - 1.55%

The above percentages being a percentage of the Net Asset Value of the Sub-fund attributable to the relevant class (plus VAT if applicable).

<sup>^^</sup> The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 January each year (from 1 January 2024). In the event of negative inflation, the fixed element of the fee will remain unchanged.

### Investment Manager rebate

The Investment Manager of the Sub-fund had undertaken to absorb any costs that would otherwise cause the C shares to have ongoing charges in excess of 0.80%. This rebate arrangement ceased on 03 March 2023.

## INVESTMENT MANAGER'S REVIEW

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In the year to end of January 2024, the unit price of the Discovery Cautious Fund (as measured by the C Accumulation unit) grew by 3.63%, 0.32% ahead of a generally accepted peer group average (which is an amalgam of "managed" investment funds that invest across the asset classes (such as equities, fixed income, commodities, alternative assets, property and so on) although the sector is limited to have between 20% and 60% of the assets in equities). The sector is known as the IA Mixed Investment 20% to 60% Shares sector.

The portfolio is managed using the "fund of funds" approach which instead of investing directly in the shares or debt of companies such as Marks & Spencer, Apple, ITV, BMW, Sony, Procter & Gamble, BP or any stock market listed company on any of the global stock exchanges, the manager invests in mutual funds – those offered by companies such as Invesco, Jupiter, M&G or Aviva. A typical "mutual fund" portfolio might contain shares of 50-100 underlying companies; a typical "fund of funds" portfolio might contain 15-30 funds. Therefore, do not be too concerned when looking at what looks like a relatively small "stock list". In reality, a fund of funds portfolio is much more diversified than a typical mutual fund.

A great advantage of investing in a fund of funds portfolio is the benefit of diversification – each investment manager included in the fund can invest in different assets and asset classes – equity, debt, or property for instance. Further to this, the manager can dive deeper into different sub sectors – market capitalisation, term of debt, quality of debt, streams of income and so on which allows further diversification. Another advantage to this is "managing the manager" – the investment manager that runs a fund. The role of a fund of funds manager is to balance and blend styles to deliver a portfolio that meets with the investment objectives.

At the start of the period the number of holdings in the portfolio was 27 and there were the same number of holdings at the end of the period. At a high level, the broad asset weighting in the portfolio remained quite similar (equities reduced from 46% to 45%), however, there were some notable changes from a regional perspective. UK Equities were reduced from 48% to 41% as the stock market struggled on a relative basis. At the other end of the spectrum, Emerging Market Equities rose from 2% to 5%. This change was made in order to diversify the portfolio away from western markets.

We believe the changes to the asset allocation and the introduction of new holdings will set the portfolio in good stead looking forward and barring further significant political and/or economic upheaval we are confident portfolio activity going forward is likely to be more muted compared to the past twelve-month period.

James Kempster  
Fund Manager  
Hawksmoor Investment Management Limited  
12 March 2024

## PERFORMANCE RECORD

### Financial Highlights

	Year ended 31 January 2024	Year ended 31 January 2023	Year ended 31 January 2022
<b>C Sterling Net Income</b>			
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	97.5474	103.9245	102.4705
Return before operating charges	4.5046	(3.2889)	4.1635
Operating charges (note 1)	(1.0489)	(0.8059)	(0.8256)
Return after operating charges *	3.4557	(4.0948)	3.3379
Distributions on income shares	(2.4879)	(2.2823)	(1.8839)
Closing net asset value per share	98.5152	97.5474	103.9245
*after direct transactions costs of:	-	-	0.0097
Performance			
Return after charges	3.54%	(3.94%)	3.25%
Other information			
Closing net asset value	£477,354	£575,432	£408,494
Closing number of shares	484,548	589,899	393,068
Operating charges (note 2)	1.07%	0.80%	0.80%
Direct transaction costs	0.00%	0.00%	0.01%
Prices			
Highest share price	99.4429	105.3283	108.9852
Lowest share price	93.2247	91.8250	101.6489

	Year ended 31 January 2024	Year ended 31 January 2023	Year ended 31 January 2022
<b>C Sterling Net Accumulation</b>			
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	104.7494	109.1433	105.6532
Return before operating charges	4.9473	(3.5383)	4.3493
Operating charges (note 1)	(1.1412)	(0.8556)	(0.8592)
Return after operating charges *	3.8061	(4.3939)	3.4901
Closing net asset value per share	108.5555	104.7494	109.1433
Retained distributions on accumulation shares	2.6976	2.4201	1.9547
*after direct transactions costs of:	-	-	0.0107
Performance			
Return after charges	3.63%	(4.03%)	3.30%
Other information			
Closing net asset value	£41,238,667	£46,741,953	£45,885,413
Closing number of shares	37,988,573	44,622,641	42,041,436
Operating charges (note 2)	1.07%	0.80%	0.80%
Direct transaction costs	0.00%	0.00%	0.01%
Prices			
Highest share price	108.9843	110.6176	113.9717
Lowest share price	101.3860	97.4789	104.8053

## PERFORMANCE RECORD (Continued)

### Financial Highlights (Continued)

	Year ended 31 January 2024	Year ended 31 January 2023	Year ended 31 January 2022
<b>D Sterling Net Accumulation</b>			
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	108.0401	112.4104	108.7117
Return before operating charges	5.1017	(3.5987)	4.4837
Operating charges (note 1)	(1.0128)	(0.7716)	(0.7850)
Return after operating charges *	4.0889	(4.3703)	3.6987
Closing net asset value per share	112.1290	108.0401	112.4104
Retained distributions on accumulation shares	2.7842	2.4959	2.0126
*after direct transactions costs of:	-	-	0.0111
Performance			
Return after charges	3.78%	(3.89%)	3.40%
Other information			
Closing net asset value	£8,373,244	£8,264,611	£8,598,917
Closing number of shares	7,467,507	7,649,577	7,649,577
Operating charges (note 2)	0.92%	0.70%	0.71%
Direct transaction costs	0.00%	0.00%	0.01%
Prices			
Highest share price	112.5586	113.9299	117.3621
Lowest share price	104.6353	100.4937	107.8414

1. The operating charges per share figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.

2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund plus the costs of the open-ended funds the Sub-fund holds. Note, the 2023 and 2022 operating charges percentage also includes the underlying costs of investment trusts as per regulatory and Industry guidance issued in 2020, this was later changed to exclude underlying costs of investment trusts in December 2023.

### Risk Profile

Based on past data, the Sub-fund is ranked a 4 on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document (31 January 2023: ranked 4). The Sub-fund is ranked 4 because monthly historical performance data indicates that average rises and falls in market prices would have occurred historically.

## PORTFOLIO STATEMENT

As at 31 January 2024

Holding	Value £	% of net assets
<b>Collective Investments Scheme (31.01.2023: 72.25%)</b>		
2,200,000 Artemis High Income	1,569,040	3.14%
1,693,500 Allianz Strategic Bond	1,522,287	3.04%
2,230,000 Aviva Investors Multi-Strategy Target Return	2,929,328	5.85%
629,000 Fidelity Emerging Markets Fund	1,018,351	2.03%
892,000 First Sentier Global Listed Infrastructure	1,943,757	3.88%
174,000 Fundsmith Equity	1,058,529	2.11%
303,300 HSBC American Index	2,622,635	5.24%
3,825,000 HSBC FTSE 100 Index	4,864,635	9.71%
128,000 Invesco European Equity	815,232	1.63%
1,494,000 iShares Overseas Corporate Bond Index	2,410,073	4.81%
33,100 Jupiter European Fund	1,088,358	2.17%
2,870,000 Jupiter Strategic Bond	1,583,953	3.16%
2,046,000 Legal & General Global Inflation Linked Bond Index	995,379	1.99%
3,035,000 Legal & General All Stocks Gilt Index	2,925,133	5.84%
220,000 Liontrust Special Situations Fund	1,062,622	2.12%
164,500 Rathbone Income	1,538,305	3.07%
756,500 Man GLG Japan CoreAlpha	1,942,692	3.88%
1,312,000 M&G Emerging Markets Bond	1,408,826	2.81%
694,000 M&G Global Dividend	2,120,864	4.23%
1,675,000 M&G Global Macro Bond Sterling	1,919,383	3.83%
2,600,000 Royal London Short Duration Credit	2,495,480	4.98%
2,685,000 Royal London Corporate Bond	2,480,672	4.95%
985,000 Schroder Recovery	1,034,250	2.06%
606,000 Schroder US Smaller Companies	1,101,102	2.20%
1,550,000 WS Ruffer Diversified Return	1,490,790	2.98%
	<b>45,941,676</b>	<b>91.71%</b>
<b>Exchange Trade Funds (31.01.2023: 26.00%)</b>		
	-	-
<b>Investment Trusts (31.01.2023: 1.26%)</b>		
56,250 Cordiant Digital Infrastructure Ltd (SUB SHS)	281	-
748,932 Tuffon Oceanic Assets Ltd	625,845	1.25%
	<b>626,126</b>	<b>1.25%</b>
<b>Portfolio of investments (31.01.2023: 99.51%)</b>	<b>46,567,802</b>	<b>92.96%</b>
<b>Net other assets (31.01.2023: 0.49%)</b>	<b>3,522,248</b>	<b>7.04%</b>
	<b>50,090,050</b>	<b>100.00%</b>

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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	£
<b>Total purchases for the year (note 14)</b>	<b>52,906,923</b>
HSBC FTSE 100 Index	5,035,680
Aviva Investors Multi-Strategy Target Return	3,045,776
Legal & General All Stocks Gilt Index	2,971,619
HSBC American Index	2,503,550
Royal London Corporate Bond	2,502,640
iShares Overseas Corporate Bond Index (UK)	2,490,958
Royal London Short Duration Credit	2,450,760
M&G Global Dividend	2,002,329
M&G Global Macro Bond Sterling	1,993,244
First Sentier Global Listed Infrastructure	1,958,811
Other various purchases	25,951,556
	£
<b>Total sales for the year (note 14)</b>	<b>62,973,431</b>
Fidelity Index UK	7,124,501
Fidelity Index US	4,965,324
JPM GBP Ultra-Short Income UCITS ETF	4,458,547
Man GLG Sterling Corporate Bond	3,359,973
Lyxor Core FTSE Actuaries UK Gilts(DR)UCITS ETF	3,164,650
WisdomTree Global Quality Dividend	2,926,819
L&G ESG GBP Corporate Bond UCITS ETF	2,848,915
FTF Martin Currie UK Equity Income Fund	2,740,145
Artemis Corporate Bond	2,556,377
Fidelity Index World	2,262,021
Other various sales	26,566,159

The above represents the total purchases and sales during the year.

## STATEMENT OF TOTAL RETURN

For the year ended 31 January

		2024		2023	
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	2		777,575		(3,485,979)
Revenue	3	1,477,229		1,520,459	
Expenses	4	(290,107)		(271,948)	
Interest payable and similar charges	6	<u>(2,560)</u>		<u>(323)</u>	
Net revenue before taxation		1,184,562		1,248,188	
Taxation	5	<u>(99,462)</u>		<u>(110,318)</u>	
Net revenue after taxation			<u>1,085,100</u>		<u>1,137,870</u>
Total return before distributions			1,862,675		(2,348,109)
Finance costs: distributions	6		<u>(1,350,579)</u>		<u>(1,279,577)</u>
<b>Changes in net assets attributable to shareholders from investment activities</b>			<u>512,096</u>		<u>(3,627,686)</u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 January

	2024	2023
	£	£
<b>Opening net assets attributable to shareholders</b>	55,480,787	54,871,659
Amounts receivable on creation of shares	1,126,798	7,465,542
Amounts payable on cancellation of shares	(8,345,564)	(4,500,976)
Dividends reinvested	1,315,933	1,272,248
Changes in net assets attributable to shareholders from investment activities (see above)	<u>512,096</u>	<u>(3,627,686)</u>
<b>Closing net assets attributable to shareholders</b>	<u>50,090,050</u>	<u>55,480,787</u>



## BALANCE SHEET

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As at	Notes	31.01.2024		31.01.2023	
		£	£	£	£
<b>ASSETS</b>					
Investment assets			46,567,802		55,207,000
<b>Current assets</b>					
Debtors	7	99,405		157,038	
Cash and bank balances	8	3,594,481		342,264	
<b>Total current assets</b>			<u>3,693,886</u>		<u>499,302</u>
<b>Total assets</b>			50,261,688		55,706,302
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Distribution payable on income shares		(2,597)		(3,825)	
Bank overdraft	8	-		(50,910)	
Creditors	9	(169,041)		(170,780)	
<b>Total current liabilities</b>			<u>(171,638)</u>		<u>(225,515)</u>
<b>Net assets attributable to shareholders</b>			<u>50,090,050</u>		<u>55,480,787</u>

## NOTES TO THE FINANCIAL STATEMENTS

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### 1 Accounting policies

The principal accounting policies, which have been applied in both the current and prior year, are set out on pages 7 to 8.

### 2 Net capital gains/(losses)

	2024	2023
	£	£
The net capital gains/(losses) comprise:		
Non-derivative securities gains/(losses)	782,113	(3,472,826)
Currency (losses)	(3,651)	(10,970)
Transaction charges (custodian)	(887)	(2,183)
Total net capital gains/(losses)	<u>777,575</u>	<u>(3,485,979)</u>

### 3 Revenue

	2024	2023
	£	£
Non-taxable dividends	690,003	696,599
Interest on non-derivative securities	749,803	789,690
Bank interest	35,442	4,727
Investment Manager rebate	1,981	29,443
Total revenue	<u>1,477,229</u>	<u>1,520,459</u>

### 4 Expenses

	2024	2023
	£	£
<b>Payable to the Authorised Fund Manager, associates of the Authorised Fund Manager, and agents of either of them:</b>		
Annual management charge	247,510	234,784
<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>		
Depositary fee	17,175	20,014
Safe custody fee	6,651	3,985
	<u>23,826</u>	<u>23,999</u>
<b>Other expenses:</b>		
Audit fee	8,848	7,730
FCA fee	26	47
Other expenses	9,897	5,388
	<u>18,771</u>	<u>13,165</u>
Total expenses	<u>290,107</u>	<u>271,948</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Taxation

	2024	2023
	£	£
<b>(a) Analysis of charge in the year</b>		
Overseas withholding tax	550	-
UK corporation tax	98,912	110,318
Total tax charge for the year (note 5b)	99,462	110,318

**(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 open-ended investment company 20.00% (2023: 20.00%)

The differences are explained below:

Net revenue before UK corporation tax	1,184,562	1,248,188
Corporation tax at 20.00% (2023: 20.00%)	236,912	249,638
<b>Effects of:</b>		
Revenue not subject to taxation	(138,000)	(139,320)
Overseas withholding tax	550	-
Total tax charge for the year (note 5a)	99,462	110,318

**(c) Provision for deferred taxation**

At 31 January 2024 there is no potential deferred tax asset or liability (31 January 2023: £Nil).

6 Finance costs

	2024	2023
	£	£
Interim dividend distributions	1,058,575	916,658
Final dividend distribution	271,013	367,026
	1,329,588	1,283,684
Add: Revenue deducted on cancellation of shares	25,086	10,656
Deduct: Revenue received on issue of shares	(4,095)	(14,763)
	1,350,579	1,279,577
<b>Net distribution for the year</b>	1,350,579	1,279,577
Interest payable and similar charges	2,560	323
<b>Total finance costs</b>	1,353,139	1,279,900
<b>Reconciliation of distributions</b>		
Net revenue after taxation	1,085,100	1,137,870
Equalisation from collectives allocated to revenue	119,732	-
Expenses paid from capital (net of rebate)	288,126	242,505
Relief on expenses allocated to capital	(57,625)	(48,501)
Balance brought forward	(8,695)	(60,992)
Balance carried forward	(76,059)	8,695
<b>Net distribution for the year</b>	1,350,579	1,279,577

NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>7 Debtors</b>	<b>31.01.2024</b>	<b>31.01.2023</b>
	<b>£</b>	<b>£</b>
Amounts receivable on creation of shares	-	20,000
Amounts receivable on unsettled trades	-	41,600
Accrued income:		
Non-taxable dividends receivable	31,533	49,424
Interest on non-derivative securities receivable	67,780	41,656
Prepayments	92	1,979
Investment Manager rebate receivable	-	2,379
<b>Total debtors</b>	<b>99,405</b>	<b>157,038</b>

  

<b>8 Cash and bank balances</b>	<b>31.01.2024</b>	<b>31.01.2023</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	3,594,481	342,264
Bank overdraft	-	(50,910)

  

<b>9 Creditors</b>	<b>31.01.2024</b>	<b>31.01.2023</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellation of shares	29,646	22,767
<b>Payable to the Authorised Fund Manager, associates of the Authorised Fund Manager, and agents of either of them:</b>		
Annual management charge payable	22,134	20,603
<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>		
Depositary fees	1,549	1,705
Safe custody and other custodian charges	4,857	4,304
	6,406	6,009
Other accrued expenses	11,943	11,083
UK corporation tax payable	98,912	110,318
<b>Total creditors</b>	<b>169,041</b>	<b>170,780</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 10 Risk management policies

In pursuing its investment objective as stated on page 47, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments, comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments, those of its underlying holdings and the AFM's policies for managing these risks are summarised below. These policies have been applied throughout the year.

#### Market price risk

Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-fund holds. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the AFM in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 31 January 2024 would have increased/decreased by £4,656,780 (31 January 2023: £5,520,700).

#### Foreign currency risk

Foreign currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The Sub-fund's investment portfolio is partly invested in collective investment schemes that are registered overseas and funds that invest in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The AFM may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to Sterling on or near the date of receipt.

A portion of the net assets of the Sub-fund is denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by currency movements.

Net currency assets and liabilities consist of:

	Net monetary assets and liabilities		Non-monetary assets		Total net assets	
	£		£		£	
	31.01.2024	31.01.2023	31.01.2024	31.01.2023	31.01.2024	31.01.2023
Sterling	3,509,405	260,099	45,941,957	52,894,089	49,451,362	53,154,188
Euro	297	-	-	-	297	-
US Dollars	12,546	13,688	625,845	2,312,911	638,391	2,326,599
Total	3,522,248	273,787	46,567,802	55,207,000	50,090,050	55,480,787

If foreign currency rates at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 31 January 2024 would have increased/decreased by £63,869 (31 January 2023: £232,660).

10 Risk management policies (Continued)

**Interest rate risk**

Interest rate risk is the risk to portfolio value due to changes in interest rates. The magnitude of the exposure from an adverse change in interest rates depends on the sensitivity of the instrument to changes in interest rates as well as the absolute change in interest rates. In general, values of long-term instruments are more sensitive to interest rate changes than the values of short-term instruments.

The Sub-fund takes on interest rate risk when the investment manager believes the expected returns compensate for the risk, limited by the investment objective, policy and any prospectus rules. The investment manager monitors the level of interest rate risk in the fund on a regular basis. In addition any cash deposits in the Sub-fund are linked to SONIA, ensuring interest income increases as interest rates increase.

The table below details the interest rate risk profile at the balance sheet date:

	31.01.2024	31.01.2023
	£	£
Financial assets floating rate	3,594,481	342,264
Financial assets interest bearing instruments	19,310,226	27,336,388
Financial assets non-interest bearing instruments	27,356,981	28,027,650
Financial liabilities floating rate	-	(50,910)
Financial liabilities non-interest bearing instruments	(171,638)	(174,605)
	<b>50,090,050</b>	<b>55,480,787</b>

At 31 January 2024, if interest rates increased or decreased by 0.25%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-fund would increase or decrease by approximately £8,986 (31 January 2023: £728).

**Maturity of financial liabilities**

The financial liabilities of the Sub-fund as at 31 January 2024 are payable either within one year or on demand.

**Liquidity risk**

The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any shares that the investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

**Credit risk**

Certain transactions in securities that the Sub-fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the AFM as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

Credit risk also arises on cash held within financial institutions and debt securities. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related. Indirect credit risk arises from holdings in collectives that invest in debt securities as any default or perceived risk of default will affect the valuation of such holdings.

**Fair value disclosure**

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

Valuation Technique	31.01.2024		31.01.2023	
	Assets (£000's)	Liabilities (£000's)	Assets (£000's)	Liabilities (£000's)
Level 1: Unadjusted quoted price in an active market for an identical instrument	626	-	15,124	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1	45,942	-	40,083	-
Total	46,568	-	55,207	-

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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### 11 Shares held

Shares Held	Class C	
	Income	Accumulation
<b>Opening shares at 01.02.2023</b>	<b>589,899</b>	<b>44,622,641</b>
Shares issued during the year	59,767	1,029,328
Shares cancelled during the year	(165,118)	(7,663,396)
Shares converted during the year	-	-
<b>Closing shares as at 31.01.2024</b>	<b>484,548</b>	<b>37,988,573</b>
<b>Shares Held - D Sterling Net Accumulation</b>		
<b>Opening shares at 01.02.2023</b>	<b>7,649,577</b>	
Shares issued during the year	-	
Shares cancelled during the year	(182,070)	
Shares converted during the year	-	
<b>Closing shares as at 31.01.2024</b>	<b>7,467,507</b>	

### 12 Contingent assets and liabilities

At 31 January 2024, the Sub-fund had no contingent liabilities or commitments (31 January 2023: £nil).

### 13 Post balance sheet events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 31 January 2024. Since that date, the Sub-fund's quoted price has moved as follows for each share class:

Share Class	Price (GBP) at 31 January 2024	Price at 21 May 2024
C Sterling Net Income	98.5152p	102.0585p
C Sterling Net Accumulation	108.5555p	113.2803p
D Sterling Net Accumulation	112.1290p	117.0602p

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 14 Direct transaction costs

	2024		2023	
	£	%	£	%
<b>Analysis of total purchase costs</b>				
Purchases in the year before transaction costs	52,906,923		29,659,017	
Commissions	-	0.00%	145	0.00%
Taxes & Levies	-	0.00%	1,171	0.00%
Total purchase costs	-	0.00%	1,316	0.00%
Total purchases including transaction costs	<u>52,906,923</u>		<u>29,696,333</u>	
	2024		2023	
	£	%	£	%
<b>Analysis of total sale costs</b>				
Sales in the year before transaction costs	62,973,456		25,973,458	
Commissions	(21)	(0.00%)	(217)	(0.00%)
Taxes	(4)	(0.00%)	(3)	(0.00%)
Total sale costs	(25)	(0.00%)	(220)	(0.00%)
Total sales net of transaction costs	<u>62,973,431</u>		<u>25,973,238</u>	

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

	2024		2023	
	£	% of average net asset value	£	% of average net asset value
Commissions	21	0.00%	362	0.00%
Taxes	4	0.00%	1,174	0.00%
	<u>25</u>	<u>0.00%</u>	<u>1,536</u>	<u>0.00%</u>

### 15 Portfolio Dealing Spread

The average portfolio dealing spread at 31 January 2024 is 0.04% (31 January 2023: 0.09%).

### 16 Related party transactions

Valu-Trac Investment Management Limited, as AFM is a related party due to its ability to act in respect of the operations of the Sub-fund.

Amounts paid to the AFM and its associates are disclosed in note 4. The amounts due to the AFM and its associates at the balance sheet date are disclosed in note 9. Amounts received from the AFM and its associates are disclosed in note 3. Amounts due from the AFM and its associates at the balance sheet date are disclosed in note 7.



## DISTRIBUTION TABLES

### Q1 Interim distributions in pence per share

Group 1: Shares purchased prior to 01 February 2023

Group 2: Shares purchased 01 February 2023 to 30 April 2023

Payment date	Unit Type	Share Class	Net Revenue 2023	Equalisation 2023	Distribution 2023	Distribution 2022
30.06.2023	group 1	C Sterling Net Income	0.6881p	-	0.6881p	0.4649p
30.06.2023	group 2	C Sterling Net Income	0.4631p	0.2250p	0.6881p	0.4649p
30.06.2023	group 1	C Sterling Net Accumulation	0.7390p	-	0.7390p	0.4927p
30.06.2023	group 2	C Sterling Net Accumulation	0.3780p	0.3610p	0.7390p	0.4927p
30.06.2023	group 1	D Sterling Net Accumulation	0.7624p	-	0.7624p	0.5091p
30.06.2023	group 2	D Sterling Net Accumulation	0.7624p	-	0.7624p	0.5091p

### Q2 Interim distributions in pence per share

Group 1: Shares purchased prior to 01 May 2023

Group 2: Shares purchased 01 May 2022 to 31 July 2023

Payment date	Unit Type	Share Class	Net Revenue 2023	Equalisation 2023	Distribution 2023	Distribution 2022
29.09.2023	group 1	C Sterling Net Income	0.6167p	-	0.6167p	0.7074p
29.09.2023	group 2	C Sterling Net Income	0.0988p	0.5179p	0.6167p	0.7074p
29.09.2023	group 1	C Sterling Net Accumulation	0.6669p	-	0.6669p	0.7456p
29.09.2023	group 2	C Sterling Net Accumulation	0.3634p	0.3035p	0.6669p	0.7456p
29.09.2023	group 1	D Sterling Net Accumulation	0.6882p	-	0.6882p	0.7684p
29.09.2023	group 2	D Sterling Net Accumulation	0.6882p	-	0.6882p	0.7684p

### Q3 Interim distributions in pence per share

Group 1: Shares purchased prior to 01 August 2023

Group 2: Shares purchased 01 August 2023 to 31 October 2023

Payment date	Unit Type	Share Class	Net Revenue 2023	Equalisation 2023	Distribution 2023	Distribution 2022
29.12.2023	group 1	C Sterling Net Income	0.6472p	-	0.6472p	0.4617p
29.12.2023	group 2	C Sterling Net Income	0.0803p	0.5669p	0.6472p	0.4617p
29.12.2023	group 1	C Sterling Net Accumulation	0.7044p	-	0.7044p	0.4901p
29.12.2023	group 2	C Sterling Net Accumulation	0.3304p	0.3740p	0.7044p	0.4901p
29.12.2023	group 1	D Sterling Net Accumulation	0.7271p	-	0.7271p	0.5052p
29.12.2023	group 2	D Sterling Net Accumulation	0.7271p	-	0.7271p	0.5052p

### Final distributions in pence per share

Group 1: Shares purchased prior to 01 November 2023

Group 2: Shares purchased 01 November 2023 to 31 January 2024

Payment date	Unit Type	Share Class	Net Revenue 2024	Equalisation 2024	Distribution 2024	Distribution 2023
28.03.2024	group 1	C Sterling Net Income	0.5359p	-	0.5359p	0.6483p
28.03.2024	group 2	C Sterling Net Income	0.0401p	0.4958p	0.5359p	0.6483p
28.03.2024	group 1	C Sterling Net Accumulation	0.5873p	-	0.5873p	0.6917p
28.03.2024	group 2	C Sterling Net Accumulation	0.0850p	0.5023p	0.5873p	0.6917p
28.03.2024	group 1	D Sterling Net Accumulation	0.6065p	-	0.6065p	0.7132p
28.03.2024	group 2	D Sterling Net Accumulation	0.6065p	-	0.6065p	0.7132p

## DISTRIBUTION TABLES (Continued)

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### Information for corporate shareholders

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 46.77% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 53.23% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.

## INFORMATION FOR INVESTORS

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### Individual shareholders

**Income tax:** Tax-free annual dividend allowance now standing at £1,000 (2023/24). UK resident shareholders are now subject to new, higher rates of tax on dividend income in excess of the annual allowance. UK resident shareholders are subject to tax on dividend income in excess of the annual allowance.

**Capital gains tax:** Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. However, the first £6,000 (2023/24) of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

### Taxation

The Company will pay corporation tax on its profits in the Discovery Cautious Fund for the year ended 31 January 2024. No corporation tax is payable in Discovery Balanced Fund and Discovery Growth Fund. Capital gains within the Company will not be taxed.

### Corporate shareholders

Companies resident for tax purposes in the UK which hold shares should note that OEIC distributions are streamed into both franked and unfranked income. The unfranked income element will be treated as an annual payment which has been subject to income tax at prevailing rates and will be liable to tax accordingly. On realisation of their shares, UK resident companies may be liable to pay corporation tax on any capital gains.

The above information on taxation is only a general summary, and shareholders should consult their own tax advisors in relation to their own circumstances. Shareholders should also note that the position as outlined may change to reflect future changes in tax legislation.

### Issue and redemption of shares

Valu-Trac Investment Management Limited is the AFM and Registrar. Valu-Trac Investment Management Limited will receive requests for the purchase or sale of shares at any time during normal business hours between 8.30am and 5.30pm. Instructions may be given by email to the below email addresses or by sending an application form to the Registrar. Application forms are available from the Registrar.

For Discovery Balanced Fund, Discovery Growth Fund and Discovery Cautious Fund; [discovery@valu-trac.com](mailto:discovery@valu-trac.com).

The price of shares will be determined by reference to a valuation of the Company's net assets at 12 noon on each dealing day.

The AFM has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the AFM will return any money sent, or the balance of such monies, at the risk of the applicant.

Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.

A contract note giving details of the shares purchased and the price used will be issued by the Registrar by the end of the business day following the valuation point by reference to which the purchase price is determined. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. Certificates will not be issued. Statements in respect of periodic distributions of revenue will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a shareholder's shares will also be issued at any time on request by the registered holder.

Where shares are redeemed, payment will be made not later than the close of business on the fourth business day following the next valuation point after receipt by the AFM of a request for redemption.

The most recent issue and redemption prices are available from the AFM.

### Assessment of Value

The AFM conducts an assessment of value for the Sub-funds each year. The assessment of value reports are available on the AFM's website.

## INFORMATION FOR INVESTORS (Continued)

### Remuneration

The AFM is subject to a remuneration policy which meets the requirements of the Undertakings for Collective Investment in Transferable Securities Directive (UCITS) as set out in SYSC 19E of the FCA Handbook.

The policy is designed to ensure practices for employee remuneration are consistent with, and promote, sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or instrument of incorporation of the funds managed, and does not impair the AFM compliance with its duty to act in the best interests of the funds it manages.

The AFM has reviewed the Remuneration Policy and its application in the last year which has resulted in no material changes to the policy or irregularities to process.

The AFM is required to disclose the total remuneration it pays to its staff during the financial year, split into fixed and variable remuneration, with separate aggregate disclosure for staff whose actions may have a material impact on the risk profile of a fund or the AFM itself. This includes executives, senior risk and compliance staff and certain senior managers.

28.05.2023	Number of Beneficiaries	Fixed Remuneration	Variable Remuneration Paid	Total Remuneration Paid
Total remuneration paid by the AFM during the year	86	£3,462,948	£ nil	£3,462,948
Remuneration paid to employees of the AFM who have a material impact on the risk profile of the UK UCITS	18	£1,043,732	£ nil	£1,043,732
Senior Management	14	£779,584	£ nil	£779,584
Control Functions	4	£264,148	£ nil	£264,148
Employees receiving total remuneration that takes them into the same remuneration brackets as senior management and risk takers	0	£ -	£ nil	£ -

Further information is available in the AFM's Remuneration Policy document which can be obtained from [www.valu-trac.com](http://www.valu-trac.com). A paper copy of the remuneration policy is available on request from the registered office of the Authorised Fund Manager free of charge.

**CORPORATE DIRECTORY**

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<b>Authorised Fund Manager &amp; Registrar</b>	<p>Valu-Trac Investment Management Limited Orton Fochabers Moray IV32 7QE</p> <p>Telephone: 01343 880344 Fax: 01343 880267 Email: discovery@valu-trac.com</p> <p>Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648</p>
<b>Investment Manager</b>	<p>Hawksmoor Investment Management Limited 17 Dix's Field Exeter EX1 1QA</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
<b>Depositary</b>	<p>NatWest Trustee and Depositary Services Limited House A Floor 0, 175 Glasgow Road Gogarburn Edinburgh EH12 1HQ</p> <p>Authorised regulated by the Financial Conduct Authority</p>
<b>Auditor</b>	<p>Johnston Carmichael LLP Chartered Accountants Commerce House South Street Elgin IV30 1JE</p>