

# **VT GREYSTONE CONSERVATIVE MANAGED FUND**

**Annual Report and Financial Statements  
for the year ended 30 September 2023**

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## 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; and
- > 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.

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 VT GREYSTONE CONSERVATIVE MANAGED FUND

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

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

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

The Depositary must ensure that:

- > the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- > the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- > the value of shares 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 Alternative Investment Fund Manager ("the AIFM") 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 AIFM:

- i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and
- ii) has observed the Investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited  
01 October 2023

**Opinion**

We have audited the financial statements of VT Greystone Conservative Managed Fund ("the Company") for the year ended 30 September 2023 which comprise the Statement of Total Return, Statement of Changes in Net Assets Attributable to Shareholders, Balance Sheet, 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 at 30 September 2023 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 properly prepared in accordance with the Investment Association Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes Sourcebook 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 12 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.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT GREYSTONE CONSERVATIVE MANAGED FUND (Continued)

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

As explained more fully in the Authorised Fund Manager's Responsibilities Statement set out on page 1, 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 controls 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 is available on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the 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 Collective Investment Schemes Sourcebook;
- > the Financial Conduct Authority's Investment Funds Sourcebook; 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 Company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how the 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT GREYSTONE CONSERVATIVE MANAGED FUND  
(Continued)**

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***Extent to which the audit is 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;
- > Assessing the Company's compliance with the key requirements of the Collective Investment Schemes Sourcebook, Investment Funds Sourcebook and its Prospectus;
- > Completion of appropriate checklists and use of our experience to assess the 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 are to 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 Collective Investment Schemes Sourcebook ("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

Date

## COMPANY OVERVIEW

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<b>Size of Company</b>	£25,645,892
<b>Type of Company</b>	<p>VT Greystone Conservative Managed Fund is an investment company with variable capital, incorporated in England and Wales on 24 April 2007 under registered number IC000533 and authorised by the FCA (Product Reference Number (PRN) 465365) with effect from 24 April 2007.</p> <p>The Company has been established as a "non-UCITS retail scheme" under the FCA Regulations. The Company has an unlimited duration.</p> <p>Shareholders are not liable for the debts of the Company.</p>
<b>Investment objective and policy</b>	<p>The investment objective of the Company is to achieve capital growth over the medium term (3 years).</p> <p>The Company will seek to achieve its objective by utilising a conservative approach to investment through investing at least 70% in a range of collective investment vehicles (including exchange traded funds, investment trusts and funds managed and/or operated by the AFM or Investment Manager) providing exposure (indirectly) to asset classes including fixed interest investments, equities, and alternative assets such as absolute return strategies, commodities and property.</p> <p>The Company will be actively managed and the investments will be selected to achieve a mix of growth and defensive assets. A greater proportion of the portfolio will be allocated to defensive assets (such as fixed interest and cash (and collective investment schemes investing in such assets)) than to growth assets (such as equities (and collective investment schemes investing in such assets)). Alternative assets may offer exposure to both defensive and growth asset types. A minimum of 45% of the portfolio will be exposed to investment grade fixed income and cash. The portfolio will hold up to a maximum of 35% equity exposure.</p> <p>The Company may also invest directly in equities, fixed income, money market instruments, deposits, cash and near cash.</p> <p>The Company will not have any particular geographic, industry or economic sector focus and as such weightings in these may vary as required.</p> <p>The Company may use cash and other asset classes including derivatives and forward transactions for EPM purposes.</p> <p>The Company does not intend to have an interest in immovable or tangible movable property.</p>
<b>Benchmark</b>	<p>The IA Mixed Investment 0-35% Shares sector (the "Sector") may be used as a comparator for the Company over the medium term (3 years).</p> <p>The performance of the Company can be compared against that of the Sector. This Sector has been selected as it is considered that this sector most closely reflects the investments which the Company will make (and its risk/return objectives) at the current time.</p> <p>For the avoidance of doubt, the Investment Manager is not bound or influenced by the Sector when making its decisions and can make investments that are not included in the sector.</p>
<b>Authorised Fund Manager (AFM) and Alternative Investment Fund Manager</b>	Valu-Trac Investment Management Limited



## COMPANY OVERVIEW (Continued)

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<b>Share class</b>	The Company currently has one share class - Accumulation 'R' Shares
<b>Ex-distribution dates</b>	31 March and 30 September
<b>Distribution dates</b>	31 May and 30 November
<b>Individual Savings Account (ISA)</b>	The Company is a qualifying investment for inclusion in an ISA
<b>Minimum initial investment:</b>	Accumulation 'R' Shares = £1,000
<b>Top-up:</b>	Accumulation 'R' Shares = £100
<b>Holding:</b>	Accumulation 'R' Shares = £1,000
<b>Redemption:</b>	Accumulation 'R' Shares = £1,000
<b>Regular savings plan (all classes):</b>	£100 per month
<b>Registration charge per shareholder:</b>	£17.91 per annum (increasing by annual inflationary increases capped at 3% per annum)
<b>AFM preliminary charges:</b>	Accumulation 'R' Shares 0%
<b>Annual management charge:</b>	Accumulation 'R' Shares 0.75%

### Changes to the Company

On 08 March 2023, there was a minor change in the investment objectives and policy wording to that above. These changes are not expected to result in any change to the way the Company operates or the investments it makes.

## INVESTMENT MANAGER'S REVIEW

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### Economic and Market Commentary

This time last year (30 September 2022) we were about three weeks from the end of Lizz Truss' Premiership, about three quarters of adults had received their second covid vaccine<sup>1</sup>, and the UK Electricity spot price was at its peak<sup>2</sup>. As was the dollar to the pound<sup>3</sup>. Markets were volatile due to uncertainty.

Our world is complex and sometimes confusing, but amid uncertainty, there are opportunities. In this year's commentary, we'll focus on portfolio risks and future investment returns. Currently, the possibility of recession and inflation continues to haunt financial markets, making investors nervous. Back in March Silicon Valley Bank (SVB) faced a liquidity crisis due to a mismatch between deposits and assets. SVB customers, primarily wealthy tech entrepreneurs, had deposits exceeding the US bank deposit protection limit, leading to a bank run before the US government stepped in to guarantee all cash deposits.

Credit Suisse, a globally systemically important bank, faced severe issues due to poor investment decisions, including losses from Greensill Capital and the Archegos hedge fund. When the firm's largest investor, the Saudi National Bank, refused to invest more capital, the Swiss regulator had to step in and prevent the bank from collapsing. This liquidity crisis prompted its domestic rival, UBS, to purchase it at a price 50% less than the previous Friday's closing price<sup>4</sup>.

In the US and UK, after 11 and 14 rate hikes respectively, central banks have probably paused on interest rates<sup>5</sup>, whilst the European Central Bank raised rates, probably for the last time. Whereas China and Brazil cut rates in Q3. Concerns about North America, Europe, and China falling into recession have persisted since the beginning of the year. Transportation costs and natural gas prices have fallen significantly since their peak during the pandemic and Ukraine war<sup>6</sup>, but rising global oil prices are a concern, as they can lead to higher inflation. So too can second round effects, such as wage increases and service costs, which are still rising, keeping inflation rates above target.

The Greystone investment team has been cautious about an economic slowdown and have adjusted portfolios to be more sensitive to interest rate movements. When economic down turns occur, central bankers cut rates<sup>7</sup>. This eases monetary policy, and increases liquidity, but it also decreases bond yields. As a result, long duration bonds will be worth more, due to the inverse relationship between yields and bond prices. Of course, the reverse is true when central bankers raise rates, this has hurt us and our funds over this reporting period.

Bond, equity, and currency markets remain volatile, driven by expectations of high interest rates and inflation. Any hints from central bankers about the pace of rate changes can significantly impact asset prices. Bonds have historically provided stability in multi-asset portfolios, and current yields make them attractive despite recent volatility.

In Asia investors are fearful that falling residential Chinese property prices, and defaults on debt secured on residential real estate, may spill over into the wider economy and across the region. This is coupled with lower than anticipated consumer demand following the end of the zero covid policy. As a result the Chinese authorities are supporting the economy by cutting interest rates. Also, the government has reluctantly indicated that it is willing to support the property sector, in order to boost consumer confidence. We have recently adjusted our Asian exposure with these conditions in mind.

Since the launch of ChatGPT at the end of last November the buzz around artificial intelligence boosted returns for a handful of tech stocks against strong headwinds from the rest of the economy. The 'Magnificent seven'<sup>1</sup> have gained more than 50% to date while the other 493 stocks in the S&P500 index have collectively risen approximately 5%<sup>2</sup>. Many chief executives, on their quarterly earnings calls with investors, mentioned how AI would help boost profits. The Greystone investment team believe the 'large language models' created by affiliates of Microsoft and Google have the potential to create huge value, but we are mindful of the froth in some valuations. Our specialist technology manager invests in the 'picks and shovels' type businesses that are delivering profits today as opposed to the 'blue sky' ventures that may (or may not) pay off in the future.

<sup>1</sup>Source: [Wired.co.uk](https://www.wired.co.uk)

<sup>2</sup> 580.55 GBP/MWh 2022/09/30 source: [Tradingeconomics.com](https://www.tradingeconomics.com).

<sup>3</sup> \$0.9657 to 1GBP or £1.0355 to 1USD, source: [Poundsterlinglive.com](https://www.poundsterlinglive.com)

<sup>4</sup> Source: [Reuters.com](https://www.reuters.com)

<sup>5</sup> Source: [CME FedWatch Tool, cmegroup.com](https://www.cmegroup.com).

<sup>6</sup> The Natural gas spot price 10 year peak for the US was on the 15th of August 2022 at 9.385 USD/mmBTU (dollars per 10,000 million British Thermal Units), UK all-time peak was the 22nd of August 2022 at 640.36 GBp/therm (£6.4036/100,000 British Thermal Units), average prices were 2.949USD/mmBTU and 121.95GBp/therm over the same time periods. The Global Freight rate index was \$10,361 September 2021: [Statista](https://www.statista.com)

<sup>7</sup> [American Economic Review](https://www.american-economy.com)

## INVESTMENT MANAGER'S REVIEW (Continued)

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### **Economic and Market Commentary (continued)**

UK and European equities are viewed as relatively undervalued compared to their American counterparts. However, earning expectations in the UK and Europe are viewed with more scepticism than US companies, we are currently overweight to the US Dollar which acts as a hedge against 'event risk' due to its tendency to strengthen in times of market stress. In our Conservative, Cautious, and Balanced funds we have an alternative component that is a further bulwark against market stress. Including gold, which has performed well over this reporting period, and our absolute return funds (asset backed securities and hedge funds) have also delivered uncorrelated solid positive returns within the component.

Looking ahead, risks such as stagflation, policy errors, commodity shocks, geopolitics, and war exist. However, there are also opportunities, including improved bond valuations, normalising economic policies, falling inflation, technological innovation, and strong consumer spending.

Despite the uncertainties, valuations are more attractive now, providing opportunities for astute investors. We continue to invest in high-quality businesses that can withstand economic challenges.

At Greystone the investment team expects that there will be more market volatility towards the end of the year and throughout 2024, but we must balance the risks with the potential investment returns that are presenting themselves. The Greystone funds have plenty of defence built in, should we experience economic and market shocks, through diversification across asset classes and geography. We also invest with some of the most experienced and talented fund managers that can exploit stock picking opportunities when they present themselves.

Please note, the above commentary was prepared prior to 3 October 2023 and therefore does not cover the developments which took place from October onwards, in the topics discussed above. The above are the views and opinions of the Greystone Investment Committee and are correct at the time of writing. All performance data compiled from Refinitiv Lipper for Investment Management; data correct to 30 September 2023. **Past, simulated past or future projected performance is not a reliable indicator of future performance and may not be repeated.**

Greystone Wealth Management is a trading name of Foundation Investment Management Limited who are authorised and regulated by the Financial Conduct Authority.

## INVESTMENT MANAGER'S REVIEW (Continued)

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### *VT Greystone Conservative Managed Fund*

#### **Performance Summary**

The fund delivered +2.62% performance over the reporting period versus the Investment Association (IA) Mixed Investment 0-35% Shares sector average of +2.54%<sup>1</sup>. Since the fund's re-launch on 01 September 2012 it has delivered +28.32% versus the IA sector average +28.19%. The fund's share price as at 29 September 2023 was; 123.98p (R share class accumulation units). The fund continues to offer investors low risk access to investment markets and provides the opportunity to outperform cash rates over the course of an economic cycle.

#### **Fund Review & Outlook**

Over the reporting period The VT Greystone Conservative Fund has lagged the sector. The fund's performance is attributable to international equities (+1.17%), UK Equities (+0.68%), Fixed interest (+0.67%), and alternatives (+0.09%)<sup>1</sup>.

Fixed interest performance was driven by longer dated securities, particularly government bonds with a greater sensitivity to movements in interest rates. In Q1 of 2023 the mini banking crisis in March drove a rally in traditional 'safe haven' assets such as high-quality developed market sovereign bonds and investment grade corporate credit.

Fixed interest is the largest component of the portfolio. Over the reporting period our fixed interest funds with higher interest rate sensitivity performed worse than those with lower sensitivity. In Q2 & Q3 fixed interest investments fell in value due to central bankers hiking interest rates. Rates rising means that fixed interest yields increase, and because of the inverse relationship between yields and capital values, bond prices fell. Our worst performing fund was one with the highest sensitivity. We view this manager as insurance against market stress because we anticipate that these funds will regain value if there is a recession. Indeed, back in March when US regional banks experienced solvency problems and most asset prices were falling, our most sensitive fund increased in value by over 9%<sup>1</sup>.

Credit quality remains high within our Fixed Interest component. The standout performer in Q3 was our core UK corporate bond fund. The manager is finding many mispriced, high-quality bonds with solid yields. The fund currently has a total return gross redemption yield of over 7%<sup>2</sup>. Our cash and money market holdings have benefited from the increase in base rates.

International equities contributed the most to the fund's performance (+1.17%)<sup>1</sup> over the reporting period. This component has provided positive returns each quarter except Q3 of 2023 when it was a slight detractor from the funds' performance (-0.13%)<sup>1</sup>. Much of the growth this year has been driven by the stock rally in the US. However, there have been headwinds from the rest of the global economy. These include Germany entering recession causing weakness in European equities, concern over how long interest rates would have to stay at current levels, and China's struggles with real estate, youth unemployment, and lower than expected consumer demand.

Within our UK equities component, large caps outperformed small caps, and value as investment style, outperformed that of growth. Exposure to small and mid caps stocks detracted in Q3. Our standout performer during the quarter was a large cap biased income fund with an overweight to energy and basic materials.

There was a large divergence between our overseas equity managers. One of our European managers fell in value because of concerns about economic and earnings growth. Whilst the standout performers were our global income and core US equity holdings.

Alternatives investment strategies (+0.09%) performed well and offered a different source of return from traditional bonds and shares. Our UK hedge fund was the standout performer. Gold did well as it is traditionally seen as a safe haven asset and hedge against inflation. A new asset-backed securities fund was also added during the period and is already delivering solid returns.

Foundation Investment Management Ltd  
Investment Manager to the Fund  
23 October 2023

1 Source: Lipper for investment management. 2 Source: Rathbones.

## PERFORMANCE RECORD

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### Financial Highlights

Accumulation 'R' Shares	Year ended 30 September 2023	Year ended 30 September 2022	Year ended 30 September 2021
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	120.8168	139.2321	132.2514
Return before operating charges	4.7063	(16.7250)	8.9082
Operating charges (note 1)	(1.5422)	(1.6903)	(1.9275)
Return after operating charges*	3.1641	(18.4153)	6.9807
Closing net asset value per share	123.9809	120.8168	139.2321
Retained distributions on accumulated shares	1.8562	0.6317	1.8984
*after direct transaction costs of:	-	-	-
Performance			
Return after charges	2.62%	(13.23%)	5.28%
Other information			
Closing net asset value	£25,672,841	£32,221,338	£30,157,552
Closing number of shares	20,707,096	26,669,576	21,659,907
Operating charges (note 2)	1.26%	1.30%	1.42%
Direct transaction costs	-	-	-
Prices			
Highest share price	129.1518	141.5134	141.3979
Lowest share price	118.6721	120.8047	131.8234

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 Company together with the ongoing charges included within the underlying holdings held within the Company.

### Risk Profile

Based on past data, the Company 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 (30 September 2022: ranked 4). The Company is ranked 4 because weekly historical performance data indicates that average rises and falls in prices would have occurred historically.

## PORTFOLIO STATEMENT

As at 30 September 2023

Value £ % of net assets

	Value £	% of net assets
<b>Collective Investment Schemes (30.09.2022: 91.15%)</b>		
929,598 Allianz Gilt Yield	1,281,544	4.99
717,253 Allianz UK Equity Income Fund	768,249	2.99
1,054,688 Allianz Strategic Bond	1,025,895	3.99
1,348,487 abrdrn Global Corporate Bond Tracker	1,287,266	5.01
93,264 BlackRock European Dynamic	244,472	0.95
88,649 HSBC Global Investment Funds - Global Bond Total	771,159	3.01
70 Fidelity Institutional Liquidity Fund	1,546,924	6.03
698,881 Fiera Atlas Global Companies	742,504	2.90
381,716 Invesco Tactical Bond (UK)	1,018,341	3.97
398,860 JPM Europe (ex-UK) Research Enhanced Index Equity Fund	513,731	2.00
945,970 JPM Global Equity Income	1,034,891	4.04
610,072 JPM US Research Enhanced Index	1,021,261	3.98
128,046 Jupiter Asian Income	265,760	1.04
938,982 Jupiter Corporate Bond	774,472	3.02
4,381 Man GLG Alpha Select Alternative	523,388	2.04
806,189 Jupiter Global Macro Bond Fund	1,028,294	4.01
368,825 Rathbone Ethical Bond Fund	766,639	2.99
674,119 Royal London Global Bond Opportunities	784,810	3.06
722,015 Royal London Global Equity Income Fund	1,038,258	4.05
264,760 Royal London Sustainable Leaders Trust	763,039	2.98
367,817 Royal London Diversified Asset-Backed Securities	527,449	2.06
3,144 Vanguard FTSE U.K. All Share Index Unit Trust	768,108	3.00
14,829 Vanguard Global Bond Index	2,069,274	8.07
12,186 Vanguard Global Short-Term Bond	1,288,739	5.03
8,684 Vanguard UK Investment Grade Bond Index	765,408	2.98
153,133 Waverton Sterling Bond	1,280,344	5.00
<b>Total Collective Investment Schemes</b>	<b>23,900,219</b>	<b>93.19</b>
<b>Exchange Traded Commodities (30.09.2022: 3.98%)</b>		
6,850 Invesco Physical Gold ETC	1,010,655	3.94
<b>Total Exchange Traded Commodities</b>	<b>1,010,655</b>	<b>3.94</b>
<b>Portfolio of investments (30.09.2022: 95.13%)</b>	<b>24,910,874</b>	<b>97.13</b>
<b>Net other assets (30.09.2022: 4.92%)</b>	<b>735,018</b>	<b>2.87</b>
	<b>25,645,892</b>	<b>100.00</b>

Note: The 30 September 2022 comparators percentages are based on Mid pricing and does not add up to 100%. The Mid to Bid adjustment for the year ended 30 September 2022 was (0.05%).

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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	£
<b>Total purchases for the year (note 14)</b>	<b>5,412,355</b>
Royal London Global Equity Income Fund	1,115,000
Fidelity Institutional Liquidity Fund	1,050,000
JPM US Research Enhanced Index	575,000
Royal London Diversified Asset-Backed Securities	525,000
Jupiter Asian Income	325,000
Royal London Global Bond Opportunities	315,000
Vanguard Global Bond Index	286,000
JPM Europe (ex-UK) Research Enhanced Index Equity Fund	272,000
Vanguard Global Short-Term Bond	270,000
Merian Global Strategic Bond	255,000
Other various purchase	424,355

	£
<b>Total sales for the year (note 14)</b>	<b>12,186,394</b>
Smead US Value UCITS Fund	1,032,224
Royal London Global Bond Opportunities	874,000
Man GLG Alpha Select Alternative	806,000
Seilern America	685,047
JPM Global Equity Income	649,000
Polen Capital Focus U.S. Growth	596,377
Fidelity Institutional Liquidity Fund	579,000
BlackRock European Dynamic	540,000
Vanguard Global Bond Index	532,000
HSBC GIF Global Bond Total Return	524,000
Other various sale	5,368,746

The above transactions represent the top 10 sales and purchases during the year.

## STATEMENT OF TOTAL RETURN

For the year ended 30 September

		2023		2022	
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	1		545,927		(5,127,879)
Revenue	2	699,307		557,088	
Expenses	3	(275,496)		(291,112)	
Interest payable and similar charges	5	-		(1,095)	
Net revenue before taxation		423,811		264,881	
Taxation	4	(55,164)		(1,451)	
Net revenue after taxation			368,647		263,430
Total return before distributions			914,574		(4,864,449)
Finance costs: distributions	5		(454,416)		(164,954)
<b>Changes in net assets attributable to shareholders from investment activities</b>			<u>460,158</u>		<u>(5,029,403)</u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 30 September

	2023	2022
	£	£
<b>Opening net assets attributable to shareholders</b>	32,202,409	30,142,525
Amounts receivable on creation of shares	3,015,842	14,429,995
Amounts payable on cancellation of shares	(10,455,527)	(7,508,593)
Accumulation dividends retained	423,010	167,885
Changes in net assets attributable to shareholders from investment activities (see above)	460,158	(5,029,403)
<b>Closing net assets attributable to shareholders</b>	<u>25,645,892</u>	<u>32,202,409</u>



**BALANCE SHEET**

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As at	Notes	30.09.2023		30.09.2022	
		£	£	£	£
<b>Assets</b>					
Investment assets			24,910,874		30,616,635
<b>Current assets</b>					
Debtors	6	177,291		538,852	
Cash and bank balances	7	<u>821,131</u>		<u>1,826,142</u>	
<b>Total current assets</b>			<u>998,422</u>		<u>2,364,994</u>
<b>Total assets</b>			25,909,296		32,981,629
<b>Current liabilities</b>					
Creditors	8	(263,404)		(694,645)	
Bank overdraft	7	<u>-</u>		<u>(84,575)</u>	
<b>Total current liabilities</b>			<u>(263,404)</u>		<u>(779,220)</u>
<b>Net assets attributable to shareholders</b>			<u>25,645,892</u>		<u>32,202,409</u>

## ACCOUNTING POLICIES

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### For the year ended 30 September 2023

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. All expenses are then reallocated to capital, net of any tax effect for distribution purposes.
- (d) Distributions on collectives are recognised when the security is quoted ex-dividend. Interest on deposits is accounted for on an accruals basis. Rebate income from underlying holdings are recognised on an accruals basis and are allocated to revenue or capital being determined by the allocation of the expense 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) Investments are stated at their fair value at the balance sheet date. In determining fair value, the valuation point is 8:30am on 29 September 2023 with reference to quoted bid prices from reliable external sources. Unlisted collective investment schemes are valued at the closing bid price for dual priced funds and the closing single price for single priced funds.
- (f) 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 the closing valuation point on 29 September 2023.
- (g) 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.
- (h) In certain circumstances the AFM may charge a dilution levy on the sale or repurchase of shares. The levy, which is paid into the Company, is intended to cover certain charges not included in the bid market value of the Company, used in calculating the share price, which could have a diluting effect on the performance of the Company.
- (i) The Company currently issues Accumulation & Income shares. The Company goes ex dividend semi-annually and pays 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 Company (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'.

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.

## NOTES TO THE FINANCIAL STATEMENTS

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For the year ended 30 September 2023

<b>1 Net capital gains/(losses)</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
The net capital gains/(losses) comprise:		
Non-derivative securities gains/(losses) - unrealised	391,330	(4,212,815)
- realised	153,738	(915,064)
Transaction charges (custodian)	(1,374)	(1,424)
Foreign exchange gains	860	1,424
Rebates from underlying holdings	1,373	-
Total net capital gains/(losses)	<u>545,927</u>	<u>(5,127,879)</u>

<b>2 Revenue</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Non taxable dividends	149,362	90,883
Interest distributions	517,827	461,600
Bank interest	32,118	4,605
Total revenue	<u>699,307</u>	<u>557,088</u>

<b>3 Expenses</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Payable to the Authorised Fund Manager, associates of the Authorised Fund Manager, and agents of either of them:</b>		
Annual management charge	229,215	254,947
<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>		
Depositary fee	17,951	18,000
Safe custody fee	3,167	3,305
	<u>21,118</u>	<u>21,305</u>
<b>Other expenses:</b>		
Audit fee	9,710	7,489
FCA fee	77	49
Other expenses	15,376	7,322
	<u>25,163</u>	<u>14,860</u>
Total expenses	<u>275,496</u>	<u>291,112</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 Taxation

	2023	2022
	£	£
<b>(a) Analysis of charge in the year</b>		
UK corporation tax	55,164	1,451
Total tax charge for the year (note 5b)	55,164	1,451
<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% (2022: 20.00%)		
The differences are explained below:		
Net revenue before UK corporation tax	423,811	264,881
Corporation tax at 20.00% (2022: 20.00%)	84,762	52,976
<u>Effects of:</u>		
Revenue not subject to UK corporation tax	(29,872)	(18,177)
Tax effect on rebates in capital	274	-
Current year expenses utilised	-	(33,348)
Total tax charge for the year (note 5a)	55,164	1,451

**(c) Provision for deferred taxation**

At 30 September 2023 there is a potential deferred tax asset of £Nil (30 September 2022: £Nil) in relation to surplus management expenses.

5 Finance costs

	2023	2022
	£	£
Interim dividend distribution	201,016	34,056
Final dividend distribution	221,994	133,829
	423,010	167,885
Add: Revenue deducted on cancellation of shares	42,411	8,306
Deduct: Revenue received on issue of shares	(11,005)	(11,237)
	454,416	164,954
<b>Net distribution for the year</b>	454,416	164,954
Interest payable and similar charges	-	1,095
<b>Total finance costs</b>	454,416	166,049
<b>Reconciliation of distributions</b>		
Net revenue after taxation	368,647	263,430
Equalisation from collectives allocated to revenue	75,896	-
Balance brought forward	108,300	9,824
Balance carried forward	(98,427)	(108,300)
<b>Net distribution for the year</b>	454,416	164,954

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

<b>6 Debtors</b>	<b>30.09.2023</b>	<b>30.09.2022</b>
	<b>£</b>	<b>£</b>
Amounts receivable on creation of shares	144	179,265
Amounts receivable on unsettled trades	123,000	320,000
Accrued revenue:		
Non taxable dividends receivable	29,721	27,814
Interest distributions receivable	23,241	11,693
Rebates from underlying holdings	1,127	-
Prepayments	58	80
<b>Total debtors</b>	<b>177,291</b>	<b>538,852</b>

  

<b>7 Cash and bank balances</b>	<b>30.09.2023</b>	<b>30.09.2022</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	821,131	1,826,142
Bank overdraft	-	(84,575)

  

<b>8 Creditors</b>	<b>30.09.2023</b>	<b>30.09.2022</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellation of shares	174,031	475,639
Amounts payable on unsettled trades	-	180,000
<b>Payable to the AFM, associates of the AFM and agents of either of them:</b>		
Annual management charge	15,624	20,757
<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>		
Depositary fee	1,430	1,479
Safe custody and other custodian charges	5,395	5,123
	6,825	6,602
Other accrued expenses	11,760	10,196
UK corporation tax	55,164	1,451
<b>Total creditors</b>	<b>263,404</b>	<b>694,645</b>

## 9 Risk Management

In pursuing its investment objective as stated on page 7, the Company holds a number of financial instruments. The Company'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 Company'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 Company'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 Company holds. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

The Company'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 30 September 2023 would have increased/decreased by £2,491,087 (30 September 2022: £3,061,664).

### Foreign currency risk

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

The Company's investment portfolio is invested in funds that are registered overseas and collective investment schemes which invest in overseas securities, and the balance sheet can be affected by movements in foreign exchange rates. The AIFM 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.

The table below shows the direct foreign currency risk profile:

	<b>30.09.2023</b>	<b>30.09.2022</b>
	<b>£</b>	<b>£</b>
Currency:		
US dollars	1,753,159	4,519,035
Sterling	23,892,733	27,683,374
<b>Total</b>	<b>25,645,892</b>	<b>32,202,409</b>

A 10% change in Pounds Sterling exchange rates against all other currencies, assuming all other factors remained the same, would have an impact of £175,316 on the net assets of the Company (30 September 2022: £451,904).

**9 Risk Management (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 Company 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 Company 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:

	<b>30.09.2023</b>	<b>30.09.2022</b>
	<b>£</b>	<b>£</b>
Financial assets floating rate	821,131	1,826,142
Financial assets interest bearing instruments	16,216,558	18,406,775
Financial assets non-interest bearing instruments	8,871,607	12,748,712
Financial liabilities non-interest bearing instruments	(263,404)	(694,645)
Financial liabilities floating rate	-	(84,575)
	<b>25,645,892</b>	<b>32,202,409</b>

At 30 September 2023, if interest rates increased or decreased by 0.25%, with all other variables remaining constant, then the net assets attributable to shareholders of the Company would increase or decrease by approximately £2,053 (30 September 2022: £4,354).

**Maturity of financial liabilities**

The financial liabilities of the Company as at 30 September 2023 are payable either within one year or on demand.

**Liquidity risk**

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

**Credit risk**

Certain transactions in securities that the Company 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 Company has fulfilled its responsibilities. The Company 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. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related. On debt securities credit risk is mitigated by ensuring that credit ratings are monitored regularly and in line with the investment objective and profile of the Company.

**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	<b>30.09.2023</b>		<b>30.09.2022</b>	
	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	1,011	-	1,283	-
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1	23,900	-	29,334	-
Total	24,911	-	30,617	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Shares held

Accumulation R Shares

<b>Opening Shares at 01.10.2022</b>	<b>26,669,576</b>
Shares issued during the year	2,422,992
Shares cancelled during the year	(8,385,472)
Shares converted during the year	-
<b>Closing Shares as at 30.09.2023</b>	<b>20,707,096</b>

11 Contingent assets and liabilities

At 30 September 2023, the Company had no contingent liabilities or commitments (30 September 2022: £nil).

12 Post balance sheet events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 29 September 2023. Since that date, the Company's quoted price has moved as follows:

Share class	Price at 29 September 2023	Price at 26 January 2024
Accumulation 'R' Shares	123.9809p	129.6372p

13 Direct transaction costs

	2023		2022	
	£	%	£	%
<b>Analysis of total purchase costs</b>				
Purchases in the year before transaction costs	5,412,355		29,167,578	
Commissions	-	0.00%	3	0.00%
Total purchase costs	-	0.00%	3	0.00%
Total purchases including transaction costs	<u>5,412,355</u>		<u>29,167,581</u>	
<b>Analysis of total sale costs</b>				
Sales in the year before transaction costs	12,186,394		22,486,759	
Commissions	-	0.00%	-	0.00%
Total sale costs	-	0.00%	-	0.00%
Total sales net of transaction costs	<u>12,186,394</u>		<u>22,486,759</u>	

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

	2023	% of average	2022	% of average
	£ net asset value		£ net asset value	
Commissions	-	0.00%	3	0.00%
	-	0.00%	3	0.00%



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

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**14 Portfolio Dealing Spread**

The average portfolio dealing spread at 30 September 2023 is 0.05% (30 September 2022: 0.10%).

**15 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 Company.

Amounts paid to the AFM and its associates are disclosed in note 2. The amounts due to the AFM and its associates at the balance sheet date are disclosed in note 8.

## DISTRIBUTION TABLES

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### Interim distribution in pence per share

Group 1: Shares purchased on or prior to 01 October 2022

Group 2 : Shares purchased on or after 01 October 2022 and on or before 31 March 2023

Accumulation 'R' Shares	Net Revenue 31.05.2023	Equalisation	Distribution 31.05.2023	Distribution 31.05.2022
Group 1	0.7841p	-	0.7841p	0.1299p
Group 2	0.4032p	0.3809p	0.7841p	0.1299p

### Final distribution in pence per share

Group 1: Shares purchased prior to 01 April 2023

Group 2 : Shares purchased on or after 01 April 2023 and on or before 30 September 2023

Accumulation 'R' Shares	Net Revenue 30.11.2023	Equalisation	Distribution 30.11.2023	Distribution 30.11.2022
Group 1	1.0721p	-	1.0721p	0.5018p
Group 2	0.5091p	0.5630p	1.0721p	0.5018p

### Information for corporate shareholders

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

- i) 21.36% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 78.64% 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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### Taxation

The Company has corporation tax to pay for the year ended 30 September 2023 and capital gains within the Company will not be taxed.

### Individual shareholders

**Income tax:** Tax-free annual dividend allowance now standing at £1,000 (2023/24). UK resident shareholders are subject to 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.

### 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 a rate of 20% 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. Instructions may be given by email to the below address or by sending an application form to the Registrar. Application forms are available from the Registrar. Email: greystone@valu-trac.com.

The price of shares will be determined by reference to a valuation of the Company's net assets at 08.30am 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. Settlement is due by the purchaser T+4 days from the date of the contract note and should be made to the AFM's dealing account.

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 minimum value of shares that a shareholder can hold is detailed on page 1. The AFM may at its discretion accept subscriptions lower than the minimum amount.

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

### Assessment of Value

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

## INFORMATION FOR INVESTORS (Continued)

### Alternative Investment Fund Managers Directive

The AFM is subject to a remuneration policy which meets the requirements of the ESMA published Guidelines on sound remuneration policies under the AIFMD as set out in SYSC 19B 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 to 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 AIF	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 <https://www.valu-trac.com/Pillar%203%202021-09.pdf>. 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

<p><b>Authorised Fund Manager, Alternative Investment Fund Manager &amp; Registrar</b></p>	<p>Valu-Trac Investment Management Limited  Mains of Orton  Fochabers  Moray  IV32 7QE</p> <p>Telephone: 01343 880344  Fax: 01343 880267  Email: greystone@valu-trac.com</p> <p>Authorised and regulated by the Financial Conduct Authority  Registered in England No 2428648</p>
<p><b>Director</b></p>	<p>Valu-Trac Investment Management Limited as AFM</p>
<p><b>Investment Manager</b></p>	<p>Foundation Investment Management Limited  Foundation House  Scott Drive  Altrincham  Cheshire  WA15 8AB</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
<p><b>Depository</b></p>	<p>NatWest Trustee and Depository Services Limited  House A  Floor 0, 175 Glasgow Road  Gogarburn  Edinburgh  EH12 1HQ</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
<p><b>Auditor</b></p>	<p>Johnston Carmichael LLP  Chartered Accountants  Commerce House  South Street  Elgin  IV30 1JE</p>