

# TM Cerno Investment Funds

Annual Report & Accounts  
for the year ended ended 31st December 2020



**THEISIS UNIT TRUST MANAGEMENT LIMITED**

Authorised and regulated by the Financial Conduct Authority

# TM Cerno Investment Funds

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<b>Contents</b>	<b>Page</b>
Management and Professional Service Providers' Details*	3
Report of the Authorised Corporate Director*	4
Investment Objectives and Policies*	4
Report of the Investment Manager*	6
Constitution	13
Sub-fund Cross-Holdings*	13
Regulatory Disclosure*	13
Remuneration Disclosures (unaudited)	14
Certification of Annual Report & Accounts by Directors	14
Responsibilities of the Authorised Corporate Director	15
Statement of the Depositary's Responsibilities	16
Report of the Depositary	16
Independent auditors' report to the Shareholders of TM Cerno Investment Funds	17
Statement of Accounting Policies, Distribution Policies and Risk Management Policies	20
<b>TM Cerno Select Fund</b>	
Portfolio Statement*	24
Sub-fund Information*	28
Assessment of Value (unaudited)*	28
Statement of Total Return	35
Statement of Change in Net Assets Attributable to Shareholders	35
Balance Sheet	36
Notes to the Financial Statements	37
Distribution Tables	48

\* These collectively comprise the Manager's Report.

# TM Cerno Investment Funds

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## Contents *(continued)*

	<b>Page</b>
<b>TM Cerno Pacific Fund</b>	
Portfolio Statement* .....	51
Sub-fund Information* .....	53
Assessment of Value (unaudited)* .....	53
Statement of Total Return .....	60
Statement of Change in Net Assets Attributable to Shareholders .....	60
Balance Sheet .....	61
Notes to the Financial Statements .....	62
Distribution Tables .....	74
<b>TM Cerno Global Leaders Fund</b>	
Portfolio Statement* .....	77
Sub-fund Information* .....	79
Assessment of Value (unaudited)* .....	79
Statement of Total Return .....	87
Statement of Change in Net Assets Attributable to Shareholders .....	87
Balance Sheet .....	88
Notes to the Financial Statements .....	89
Distribution Tables .....	99

\* These collectively comprise the Manager's Report.

# TM Cerno Investment Funds

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## Management and Professional Service Providers' Details

### Authorised Corporate Director:

Thesis Unit Trust Management Limited  
Exchange Building  
St John's Street  
Chichester  
West Sussex PO19 1UP  
Tel: 01243 531 234

*Authorised and regulated by  
the Financial Conduct Authority*

### Investment Manager:

Cerno Capital Partners LLP  
34 Sackville Street  
London W1S 3ED

*Authorised and regulated by  
the Financial Conduct Authority*

### Dealing & Registration:

Northern Trust Global Services SE UK Branch  
PO Box 3733  
Royal Wootton Bassett  
Swindon SN4 4BG  
Tel: 0333 300 0375  
Fax: 020 7982 3924

*Authorised and regulated by  
the Financial Conduct Authority*

### Depositary:

NatWest Trustee and Depositary Services Limited  
House A, Floor 0  
Gogarburn  
175 Glasgow Road  
Edinburgh EH12 1HQ

*Authorised and regulated by  
the Financial Conduct Authority*

### Independent Auditors:

PricewaterhouseCoopers LLP  
Level 4, Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

### Directors of the ACD:

S. R. Mugford - Finance Director  
D. W. Tyerman - Chief Executive Officer  
S. E. Noone - Client Services Director  
D. K. Mytnik - Non-Executive Director  
V. R. Smith - Non-Executive Director  
W. D. Prew - Independent Non-Executive Director  
C. J. Willson - Independent Non-Executive Director  
N. C. Palios - Non-Executive Chair

D.W. Tyerman and S.R. Mugford also hold directorships of other companies within the Thesis group and perform senior management roles within these companies, particularly Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the Authorised Corporate Director.

D.K. Mytnik, V.R. Smith and N.C. Palios also hold non-executive directorships of other companies within the Thesis group. They are not engaged in other business activities that are of significance to the TM Cerno Investment Funds. W. D. Prew is a Director of Indos Financial Limited, the primary business of which is the provision of Alternative Investment Fund Managers Directive independent depositary services to Alternative Investment Funds. Indos Financial Limited is not appointed as depositary on any alternative investment funds managed by the Authorised Corporate Director.

# TM Cerno Investment Funds

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## **Report of the Authorised Corporate Director (“ACD”)**

*for the year ended 31 December 2020*

Thesis Unit Trust Management Limited (the “ACD”) is pleased to present the ACD's Annual Report & Accounts for the TM Cerno Investment Funds (the “Company”) for the year ended 31st December 2020.

This Company is an umbrella fund with three sub-funds, namely TM Cerno Select Fund, TM Cerno Pacific Fund and TM Cerno Global Leaders Fund (the “sub-funds”).

### **Investment Objectives and Policies**

The sub-funds of the Company, their respective names, investment objectives and policies, are as follows:

#### **TM Cerno Select Fund**

The objective of the sub-fund is to achieve long term total return over a five-year period.

The sub-fund aims to achieve a positive return, however, there is no guarantee that a positive return will be achieved over that, or any, time period. Investors should note that, notwithstanding that the objective is to achieve long term total return, capital is in fact at risk.

The assets in which the sub-fund may invest will be equities, fixed income investments, eligible alternatives and other transferable securities, money market instruments, deposits, cash and near cash investments and derivatives. Exposure to these asset classes may be gained through direct investment or indirectly through collective investment schemes, exchange traded funds and investment trusts. At times, the sub-fund may hold a significant amount in cash.

Derivatives may be used for both investment purposes and Efficient Portfolio Management.

#### **TM Cerno Pacific Fund**

The investment objective of the sub-fund is to produce capital growth over the long term.

This is geographically specific fund, which invests primarily across the Pacific Rim but also in the wider emerging markets, with a focus on companies that are judged to be innovators or are beneficiaries of innovation through their products, services or business models.

The sub-fund will invest at least 60% of scheme property, directly or indirectly, in equities. The sub-fund may also invest in fixed income, eligible alternatives and other transferable securities, money market instruments, deposits, cash and near cash.

Exposure to these asset classes may be gained through direct investment and through investment trusts and collective investment schemes (including those managed or operated by the ACD), including exchanged traded funds. No more than 10% of the Scheme property of the sub-fund will consist of units or shares in other collective investment schemes.

Derivatives may be used for both investment purposes and Efficient Portfolio Management.

#### **TM Cerno Global Leaders Fund**

The investment objective of the sub-fund is to achieve returns, net of fees, in excess of the MSCI World Equity Index on a three-year rolling basis.

The sub-fund will have a long term, low turnover portfolio, investing predominantly in a concentrated portfolio of equities of global leading companies. A global leading company is a listed company that has become a leader in its sector: manifested by its market position, higher than average industry profitability and its ability to shape future trends.

The sub-fund may also invest in fixed income investments and other transferable securities, money market instruments, deposits and cash and near cash investments. Exposure to these asset classes may be gained through direct investment or indirectly through collective investment schemes, exchange traded funds and investment trusts.

Derivatives may be used for Efficient Portfolio Management.

### **Performance Comparator**

#### **TM Cerno Select Fund**

The sub-fund uses UK Consumer Price Index (CPI) +3% for performance comparison purposes only and the benchmark is not a target benchmark and the sub-fund is not constrained by it.

# TM Cerno Investment Funds

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## **Report of the Authorised Corporate Director (“ACD”)**

*for the year ended 31 December 2020 (continued)*

### **Performance Comparator (Continued)**

#### **TM Cerno Select Fund (Continued)**

The objective of the sub-fund is to achieve a positive return over a 3-year period. Performance should be assessed using an absolute return on this basis.

The ACD reserves the right to change the benchmark following consultation with the Depositary and in accordance with the rules in COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate. Shareholders will be notified of such a change through an update to the Prospectus and the change noted in the subsequent annual and half-yearly reports.

#### **TM Cerno Pacific Fund**

The sub-fund uses the Morgan Stanley Capital International (MSCI) Asia Pacific Index NR (GBP) for performance comparison purposes only and the benchmark is not a target benchmark and the sub-fund is not constrained by it.

The index has been selected as a benchmark for performance because the constituents are representative of the areas in which the sub-fund itself is likely to invest, and it is therefore an appropriate comparator for the sub-fund’s performance.

The ACD reserves the right to change the benchmark following consultation with the Depositary and in accordance with the rules in COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate. Shareholders will be notified of such a change through an update to the Prospectus and the change noted in the subsequent annual and half-yearly reports.

#### **TM Cerno Global Leaders**

The sub-fund uses the Morgan Stanley Capital International (MSCI) World NR (GBP) Index for performance comparison purposes only and the benchmark is not a target benchmark and the sub-fund is not constrained by it.

The index has been selected as a benchmark for performance because the constituents are representative of the areas in which the sub-fund itself is likely to invest, and it is therefore an appropriate comparator for the sub-fund’s performance.

The ACD reserves the right to change the benchmark following consultation with the Depositary and in accordance with the rules in COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate. Shareholders will be notified of such a change through an update to the Prospectus and the change noted in the subsequent annual and half-yearly reports.

### **Impact of COVID-19**

The outbreak of the novel coronavirus (COVID-19), declared by the World Health Organisation as a pandemic on 11th March 2020, has caused disruption to businesses and economic activity which has been reflected in global stock markets. The ACD is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice.

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 financial statements have been prepared on a going concern basis. This assessment is made as at the date of issue of these financial statements and is based additionally on the following:

- a. the ability, post the announcement of the World Health Organisation of the COVID-19 pandemic, of the ACD and its third party suppliers to continue business as usual as each entity moved their operational functionality from an office based to a working from home environment; and
- b. whilst it is recognised that COVID-19 presents many challenges from an investment perspective, it is considered that these do not impact the ability of the Trust to continue as a going concern due to its liquid balance sheet resources that are considerably in excess of annual operating expenditure.

Thesis Unit Trust Management Limited  
Authorised Corporate Director  
28th April 2021

# TM Cerno Investment Funds

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## Report of the Investment Manager

*for the year ended 31st December 2020*

### Investment Report – TM Cerno Select Fund

#### Overall view on markets and sub-fund's performance during the year

The strength in financial assets in 2020 was aided by the swift action of authorities early in the year to provide stimulus which underpinned the credit standing of thousands of US businesses. One of the discoveries of the pandemic has been to unpack the potential of digital economies to transform day to day practices. The impact on markets is clear – businesses and industries which are on an uptrend have seen share prices soar meanwhile areas deemed to be out of date or those that require injections of capital to transform have been left behind. Within this rubble, opportunity will reside, and a part of the sub-fund newer allocations is via smaller company and Value style Exchange Traded Funds.

Equity holdings have been the primary driver of performance this year. Global Leader companies have contributed considerably to the calendar year return of 18.6%, by virtue of exposure to growing markets, strong balance sheets and demand profiles which have in many cases been enhanced by digital trends. Thematic allocations to innovative businesses globally, and specifically in China and the Healthcare sector have also been helpful, while the allocation to Japanese equity has been marginally positive and one of the attractions of Japan is that the thesis for so doing straddles both the growth and value themes.

The allocation to Steady Return assets across Infrastructure, Property and Music Royalty markets has in aggregate been exactly that – steady. Dividends have been paid and asset values have been held. As we move into the new year, dividend growth is being re-established.

With fixed income markets offering so little, the sub-fund strikes a balance between long term growth assets in the form of equities and the sure-footed characteristics of Steady Return assets with further cushioning provided by cash and Gold. At the aggregate level, financial market prices have risen while profits have fallen, and this equation translates into higher valuations. While markets can certainly move upwards as policy remains stimulative, growth recovers and vaccination programs move forward apace, today's valuations mean a lower probability of high returns in the future. With this in mind, winners have been trimmed to keep allocations consistent with objectives.

We made a few changes in the portfolio during the year, some to mitigate risk and some to take advantage of short-term opportunities.

We reduced the forward hedge back into GBP from USD a few days before sterling dipped to 1.15. We repatriated all money held in liquidity funds back into cash, judging that the modest uplift in interest on these was not worth the corporate credit risk at a time at which many companies are distressed. We sold four companies in the Global Leaders strategy whose balance sheets are more encumbered by debt than the other 24 holdings. These were all US companies: Oracle, FedEx, Waters and Rockwell Automation.

We also redeemed in full from our small investment in India, held via a specialist manager (3% of portfolio). So too, we sold the last of the remaining position in the SME Credit Realisation Fund (2% of portfolio). India had already arrived in a difficult economic place before the COVID-19 struck – growth was declining and credit problems rising. Although there are theories circulating as to why large populous developing nations might be less impacted by the COVID-19, they are for the time being, just that: theories. The SME Credit Realisation Fund was formerly an Investment Trust which was part of the funding base of Funding Circle. This investment had already been on a divestment path and, at this stage of the crisis, with so many uncertainties in play of more relevance to a specialist distressed credit investor than the skills in-house at Cerno Capital a swift exit was judged appropriate.

On the purchase side of the ledger, we reinvested the proceeds from the four direct equity sales into 24 companies held within the strategy. We note that the net profit margin of these companies averages at over 16%, a full 60% higher than companies within the World Equity Index and that debt to equity is just 20%, against the global listed average of 54% - indicative of their relative financial strength. We continue to monitor our approved list for candidates to graduate into the portfolio. If there is a second leg down in markets (which may come as the extent of corporate distress becomes clearer) we would be looking to increase allocation weight of Global Leaders within the total portfolio. Finally, we sold some units in the Baillie Gifford Global Discovery 'B' Acc, an open-ended fund that trades at NAV to reinvest a comparable amount in its sister Investment Trust, Edinburgh Worldwide, which had fallen to a large discount.

# TM Cerno Investment Funds

## Report of the Investment Manager

for the year ended 31st December 2020 (continued)

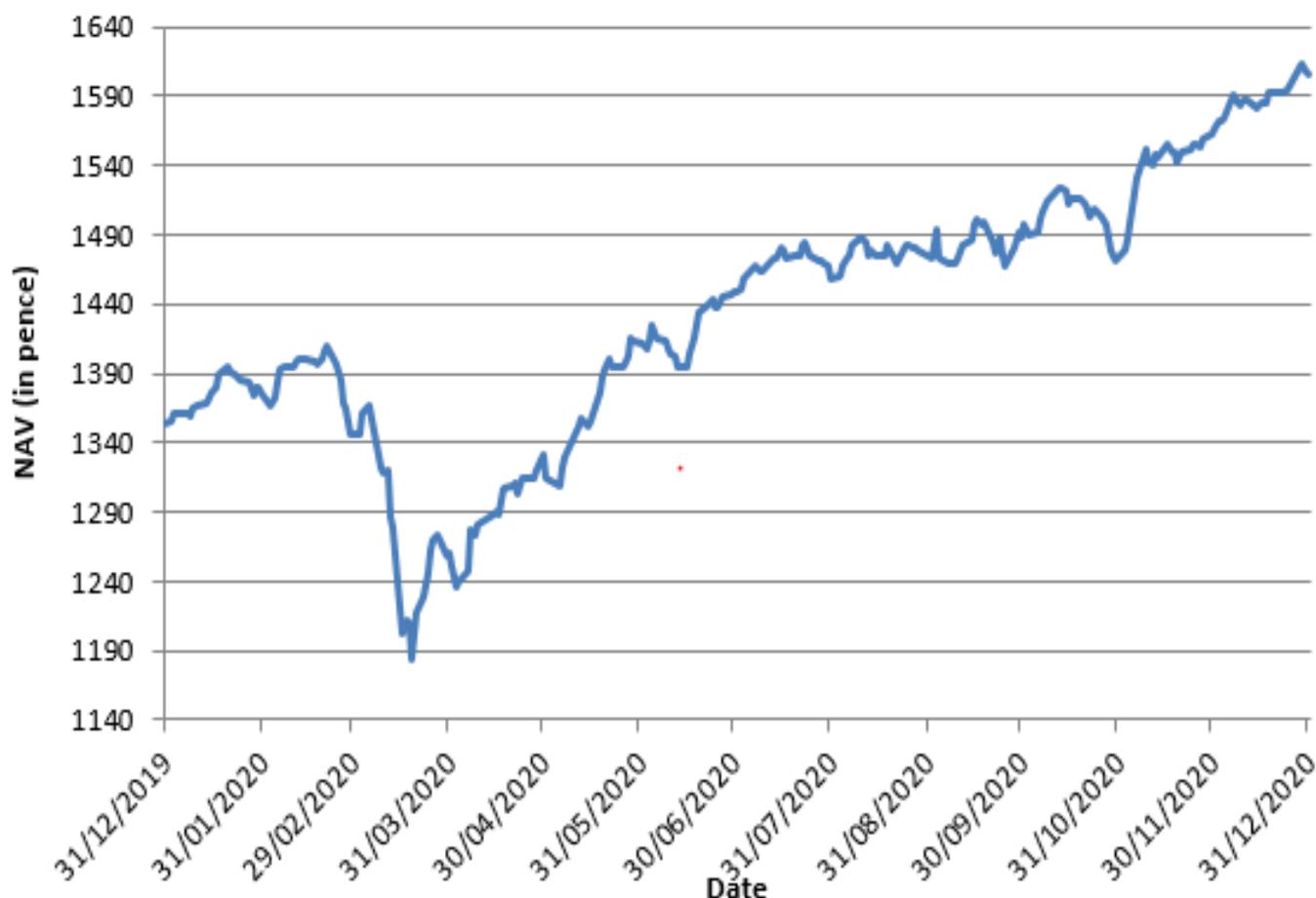
### Investment Report – TM Cerno Select Fund (continued)

Style divergences in equity markets have become extreme and this has encouraged us to introduce some indexed exposure to the value style globally and to smaller companies in the Europe and the US. This has been implemented using exchange traded funds which provide flexibility to rapidly alter the size of the allocation. Some profits were taken in the Global Leaders allocation and also on the Baillie Gifford Global Discovery 'B' Acc to fund this allocation. In recognition of the size of the upwards movement in equity markets, we have added a little more option protection to provide some support in the event of markets hitting an air pocket.

Redemptions from the sub-fund during the year totaled £19 million while subscriptions totaled £24.6 million. As at 31st December, the sub-fund value stood at £119 million and comprised a diversified portfolio of forty-seven separate holdings – ten manager positions, twenty-four individual securities, eight investment trusts and five derivatives.

### Investment Performance

For the period 1st January 2020 to 31st December 2020, the sub-fund returned +18.3%.



Source: Bloomberg

The sub-fund does not have a benchmark

### The three largest purchases made within the sub-fund during the year were:

1. SPDR MSCI Japan UCITS ETF – €3,888,515 on 20th November 2020
2. WisdomTree Physical Swiss Gold USD – £3,026,693.56 on 27th February 2020
3. Xtrackers Physical Gold ETC – \$3,187,273 on 25th June 2020

# TM Cerno Investment Funds

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## **Report of the Investment Manager**

*for the year ended 31st December 2020 (continued)*

### **Investment Report – TM Cerno Select Fund (continued)**

We switched the Gold holding from iShares to Wisdomtree for compliance reason in February. It was then switched to Xtracker Physical Gold ETC in June for the same reason. Purchase of SPDR MSCI Japan UCITS ETF was part of Style divergences in equity markets exercise.

#### **The three largest sales made within the sub-fund during the year were:**

1. Wisdomtree Physical Swiss Gold USD – £4,117,965 on 28th July 2020
2. iShares Physical Gold ETC GBP – £3,024,986.55 on 27th February 2020
3. Ocean Dial Emerging India ‘C’ GBP – £2,837,521.91 20th April 2020

The sales were explained above.

**Note:** Investments carry risks. Past performance is not a guide to future performance. Investors may not get back the amount invested.

Cerno Capital Partners LLP  
Investment Manager  
27th April 2021

# TM Cerno Investment Funds

## Report of the Investment Manager

for the year ended 31st December 2020 (continued)

### Investment Report – TM Cerno Pacific Fund

#### Overall view on markets and the sub-fund's performance during the year

The sub-fund gained +66.7% against +19.7% for the Asian Index. This represents a pleasing outperformance. Stock markets globally have shaken off the malaise from the initial COVID-19 panic in the first quarter and resumed buoyancy as sentiments became more bullish and economies re-opened around the world. The Technology and Healthcare sectors were particularly strong as was consumption and export data from China.

The portfolio has phased out all of the legacy sub-fund positions in Q1, with divestures of the Baillie Gifford Shin Nippon and Ocean Dial Emerging India 'C' GBP in January and March, respectively. The transition into a pure equity strategy is now complete. We remain focused on investing in innovative firms positioned for long term success.

We used the volatility in the March sell-off as a source of opportunity allowing us to introduce a number of new stocks at reasonable valuations: CSL, the global leader in the provision of blood plasma derivatives, and ResMed, a provider of sleep apnoea treatment devices, had been on our watchlist for some time. Work in our Global Leaders strategy has also helped to identify emerging contenders to established leaders. Globant is an Argentinian IT consultancy specialising in digital transformation related to the consumer. Shenzhen Mindray is the leading medical device provider in China. The final addition was Sea, a Singaporean based ecommerce and gaming platform focused on the ASEAN region. This is a rapidly growing company servicing an underpenetrated market with enormous potential.

The notable change in the portfolio in Q2 was the switching of Alibaba Group from the originally held US ADR into its second listing in Hong Kong, to mitigate any tail risk of a future US delisting, given tensions between the two countries. Alibaba Group was the first of the of major US-listed Chinese companies to dual list in Hong Kong in December 2019, several other prominent names have followed suit since, including JD.com and Netease.

In Q3 two stocks were sold: Trip.com Group, the leading online travel agency in China and ASM Pacific Technology, a producer of electronics back end equipment. For Trip.com Group the visibility on the return of international travel, to which they have a high exposure, has fallen materially. The competitive environment in China is also in flux as Meituan Dianping looks to muscle into new markets. ASM Pacific Technology on the other hand made way for a new addition, Disco, which is also in the semiconductor space.

We introduced one new name into the portfolio in November: Centre Testing International, the largest Chinese testing, inspection & certification service provider. We also increased Nidec weighting to 3.5% towards the end of the year.

On the performance front, Bilibili ADR was our largest contributor (+6.3%) followed by Wuxi AppTec (5.5%) and Hangzhou Tigermed Consulting (5.2%). The largest detractor was India, where our investment in Ocean Dial Emerging India 'C' GBP was a -1.3% headwind. Elsewhere Trip.com Group (-1.2%) and Han's Laser Technology Industry (-1.0%) also made a negative contribution.

Total subscription for the year was £31.1 million while total Redemptions from the sub-fund totalled £4.8 million. As at 31st December 2020, the sub-fund value stood at £61.5 million and comprised a diversified portfolio of twenty-nine equity holdings.

#### Investment Performance

The month-end NAV history for the year is captioned below:

Month	NAV in pence
January 2020	1295
February 2020	1285
March 2020	1231
April 2020	1355
May 2020	1430
June 2020	1603
July 2020	1668
August 2020	1674
September 2020	1757
October 2020	1850
November 2020	1973
December 2020	2147

These figures are taken from Bloomberg.

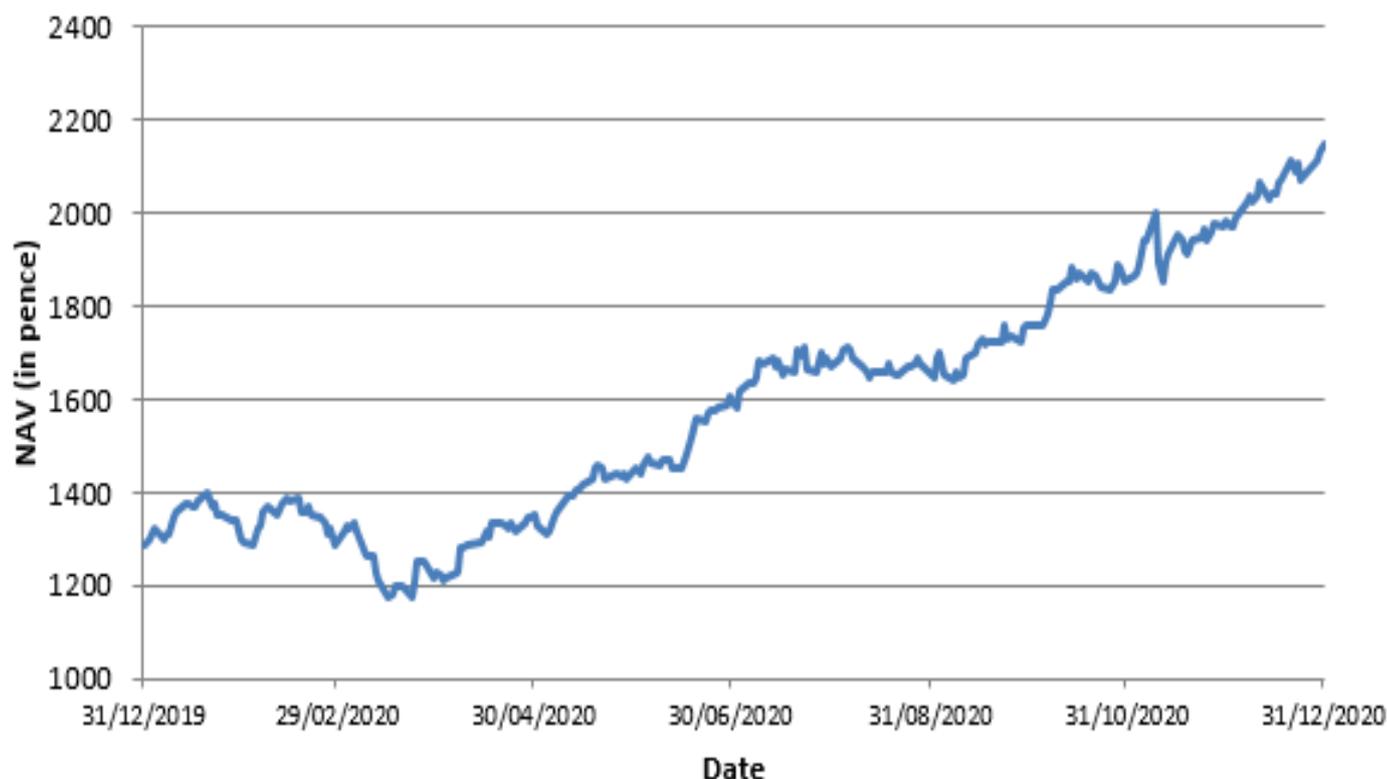
# TM Cerno Investment Funds

## Report of the Investment Manager

for the year ended 31st December 2020 (continued)

### Investment Report – TM Cerno Pacific Fund (continued)

For the period 1st January 2020 to 31st December 2020, the sub-fund returned +66.7%.



The sub-fund does not have a benchmark.

#### The three largest purchases made within the sub-fund during the year were:

1. Center Testing International – CNY 4,365,614 on 13th November 2020
2. Center Testing International – CNY 3,864,199 on 5th November 2020
3. Nidec – JPY 58,684,000 on 24th December 2020

#### The three largest sales made within the sub-fund during the year were:

1. Trip.com - \$1,122,332 on 10th August 2020
2. ASM Pacific Technology – HKD 5,096,308 on 27th August 2020
3. Bilibili - \$731,867 on 9th December 2020

**Note:** Investments carry risks. Past performance is not a guide to future performance. Investors may not get back the amount invested.

Cerno Capital Partners LLP  
Investment Manager  
27th April 2021

# TM Cerno Investment Funds

## Report of the Investment Manager

for the year ended 31st December 2020 (continued)

### Investment Report – TM Cerno Global Leaders Fund

#### Overall view on markets and the sub-fund's performance during the year

The sub-fund returned +27.3% in 2020.

TM Cerno Global Leaders invests in global companies with sustainable competitive advantages delivering above average returns. Its target is to deliver performance in excess of MSCI World Total Return (GBP) on a 3 year rolling basis.

The sub-fund NAV increased by 27.4% for the year against 12.3% for the World Equity Index in GBP. The sub-fund passed its three-year anniversary in November and - based on data to end December - has returned 14.2% annualised since that inception point, representing outperformance of 4.0% per annum, after fees.

The strategy invests in no more than 30 companies world-wide and currently owns 24, chosen from a global universe and equal weights these companies. The equal weighting discipline keeps our eyes focused on long term drivers as we do not have to jockey positions up and down in response to temporal themes which may or may not have traction in the long run. When analysing attribution by stock, what we prefer to witness is broad contributions across the portfolio as that helps reinforce the process. Even in portfolios with longer lists of securities, one often finds quite narrow attributions as weighting flexibility incentivises managers to bet more heavily on winning shares. The risk is a descent into momentum trading where share prices create behavioural biases.

20 of the 24 names in the portfolio registered positive contributions in the year, reflecting the breadth of positive returns available from equity markets. Continuing the theme of broad contribution in the context of a concentrated portfolio we note that 4 positions provided attributable gains in excess of 2% at the portfolio level. These were Renishaw, Nidec, Taiwan Semiconductor Manufacturing ADR and ASML. The deepest negatives were Water (-0.45%) and Fedex (-0.37%) and Heineken (-0.22%).

In the first half of the year, we reorganised the portfolio to reduce implicit leverage. Although none of the companies from which we divested are constrained in their ability to service debt, we have chosen to take a very conservative measure in light of the widespread economic effects of the COVID-19. Four companies have been sold: FedEx, Oracle, Rockwell Automation and Waters.

One stock left the portfolio on valuation grounds. Ansys is an estimable business, which, over 50 years, has become the largest engineering simulation company in the world. Despite being a mid-cap in US terms, Ansys's economic value and spread of applicability has now been fully recognised by its market valuation. It drops out of the portfolio but remains on our approved list, tagged for possible future re-inclusion at a better valuation point.

Aptiv has joined the portfolio in the second half of the year. Created via the demerger of auto supplier Delphi in 2017, Aptiv is the market leader for smart vehicle 'nervous systems' with a 25% share. Aptiv has expertise in both key domains, from connectors and distribution systems, to advanced software for passenger safety.

Redemptions from the sub-fund during the year totaled £16.0 million while subscriptions totaled £33.8 million. As at 31 December 2020, the sub-fund value stood at £109.9million and comprised a diversified portfolio of twenty-four individual securities.

#### Investment Performance

The month-end NAV history for the year is captioned below:

Month	NAV in pence
January 2020	12.03
February 2020	11.29
March 2020	10.74
April 2020	11.66
May 2020	12.57
June 2020	13.00
July 2020	13.40
August 2020	13.51
September 2020	13.92
October 2020	13.62
November 2020	14.92
December 2020	15.22

These figures are taken from Bloomberg.

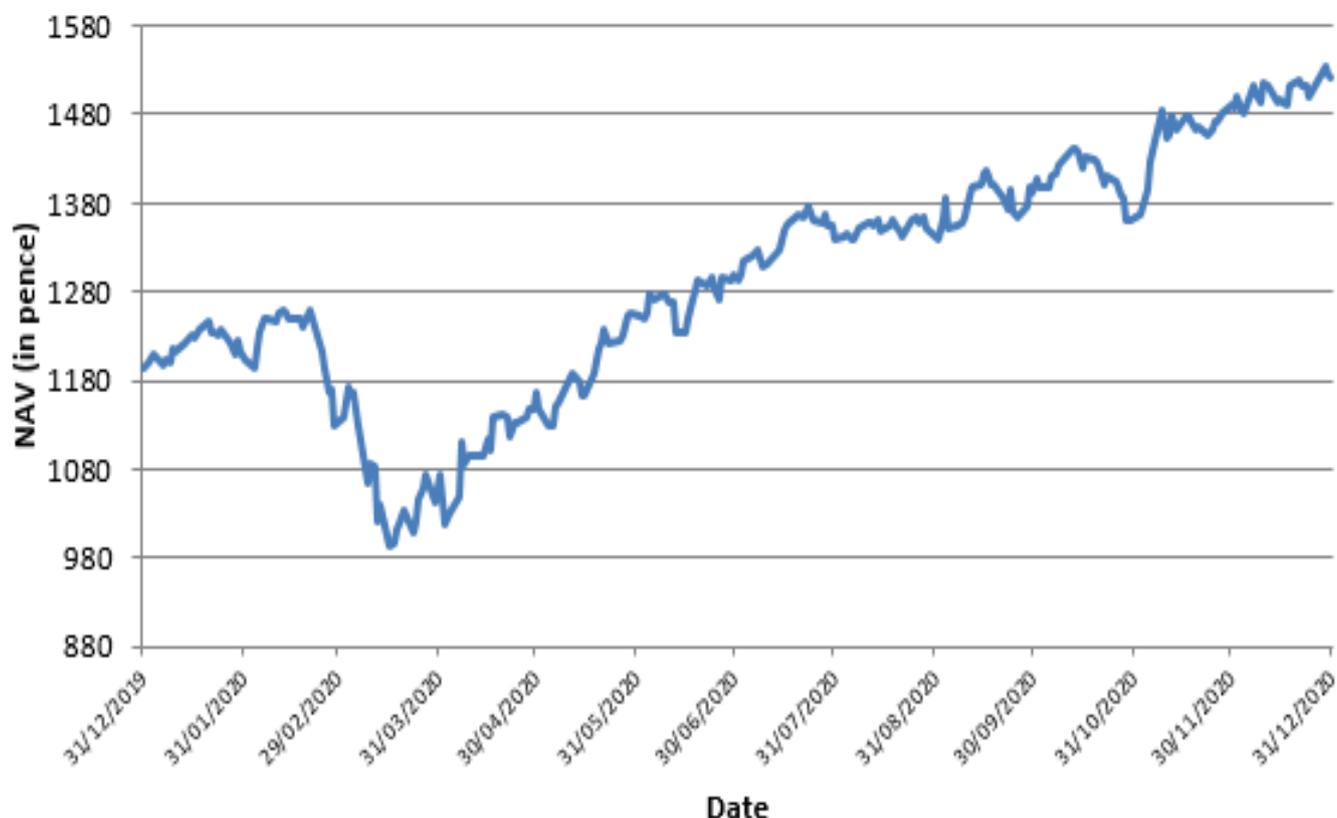
# TM Cerno Investment Funds

## Report of the Investment Manager

for the year ended 31st December 2020 (continued)

### Investment Report – TM Cerno Global Leaders Fund (continued)

For the period 1st January 2020 to 31st December 2020, the sub-fund returned +27.4%.



The sub-fund does not have a benchmark.

#### The three largest purchases made within the sub-fund during the year were:

1. Aptiv – \$ 2,456,300 on 14th October 2020
2. Aptiv – \$ 2,260,204 on 1st October 2020
3. Accenture – \$2,192,488 on 4th March 2020

The purchase of Accenture was reallocation of capital following sales of four stocks. The purchases of Aptiv were explained above.

#### The three largest sales made within the sub-fund during the year were:

1. Rockwell Automation – \$3,261,104 on 4th March 2020
2. Waters – \$3,231,104 on 4th March 2020
3. Oracle – \$2,988,727 on 4th March 2020

The sales were explained above.

**Note:** Investments carry risks. Past performance is not a guide to future performance. Investors may not get back the amount invested.

Cerno Capital Partners LLP  
Investment Manager  
27th April 2021

# TM Cerno Investment Funds

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## **Constitution**

TM Cerno Investment Funds (the “Company”) is an authorised investment company with variable capital for the purposes of the OEIC Regulations. The Company was authorised by the FCA pursuant to an authorisation order dated 19th August 2013 and was launched on 4th September 2013. The Company is a UCITS scheme, being a category of authorised scheme for the purpose of the COLL 1.2.1R. The Company registration number is IC000984. The head office of the Company is at Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP and this is also the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it. Shareholders are not liable for the debts of the Company.

The base currency of the Company is Pounds Sterling.

## **Sub-Fund Cross-Holdings**

No sub-fund held shares in any other sub-fund within the Company during the current or prior year.

## **Regulatory Disclosure**

This document has been issued by Thesis Unit Trust Management Limited (authorised and regulated by the Financial Conduct Authority).

Past performance is not necessarily a guide to future performance. The value of shares can go down as well as up and is not guaranteed. Changes in rates of exchange may also cause the value of shares to fluctuate. Any references in this report to other investments held within this Company should not be read as a recommendation to the investor to buy and sell the same, but are included as illustration only.

# TM Cerno Investment Funds

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## Remuneration Disclosures *(unaudited)*

The provisions of the UCITS V Directive took effect on 18th March 2016. That legislation requires the Thesis Unit Trust Management Limited (the “ACD”), to establish and maintain remuneration policies for its staff which are consistent with and promote sound and effective risk management and do not encourage risk taking that is inconsistent with the risk profile and the rules of the Scheme nor impair compliance with the ACD’s duty to act in the best interest of the Company.

The ACD is part of a larger group within which remuneration policies are the responsibility of a Remuneration Committee comprised entirely of non-executive directors. That committee has established a remuneration policy which sets out a framework for determining the level of fixed and variable remuneration of staff, including maintaining an appropriate balance between the two.

Arrangements for variable remuneration within the group are calculated primarily by reference to the performance of each individual and the profitability of the relevant business unit. The performance of individuals working on the business of the ACD is assessed primarily by reference to non-financial criteria, especially the effectiveness of their oversight monitoring of delegates appointed to perform investment advisory or fund administration services for the Company.

Within the group, all staff are employed by the parent company with none employed directly by the ACD. A number of staff are considered, however, to devote the whole of their time to the business of the ACD and its subsidiary, TUTMAN LLP, which also acts as an Authorised Fund Manager. The costs of a number of other individuals are allocated between the entities within the group based on the expected amount of time devoted to each.

The total remuneration of those individuals considered to comprise the entire staff of the ACD and its subsidiary, including those whose time is allocated between group entities, for the financial year ended 30th April 2020, is analysed below:

Fixed Remuneration	£ 856,753
Variable Remuneration	86,788
<b>Total</b>	<b>943,541</b>
Headcount (FTE)	16

The staff members included in the above analysis support the entirety of the funds managed by the ACD. A breakdown of these figures in relation to each fund managed by the ACD does not exist.

Management have carried out a review of the general principles within the remuneration policy and the implementation of the remuneration policy during the year and following this review, no changes have been considered necessary.

## Certification of Annual Report & Accounts by Directors

In accordance with the requirements of the Open-Ended Investment Companies Regulations 2001 (the “OEIC Regulations”) and the Collective Investment Schemes sourcebook (“COLL Rules”), we hereby certify this Annual Report & Accounts on behalf of the ACD, Thesis Unit Trust Management Limited.

D.W. TYERMAN                      Director

S. E. NOONE                         Director

28th April 2021

# TM Cerno Investment Funds

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## **Responsibilities of the Authorised Corporate Director (“ACD”)**

The Open-Ended Investment Companies Regulations 2001 (the "OEIC Regulations") and the Collective Investment Schemes sourcebook (“COLL Rules”) published by the FCA requires the ACD to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net revenue and net capital gains on the property of the Company for the year.

In preparing the financial statements, the ACD is responsible for:

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

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

Thesis Unit Trust Management Limited  
Authorised Corporate Director  
West Sussex  
28th April 2021

# TM Cerno Investment Funds

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## **Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of TM Cerno Investment Funds (the "Company") for the Year Ended 31st December 2020**

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

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

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

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares 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 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  
Edinburgh  
28th April 2021

# TM Cerno Investment Funds

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## Independent auditors' report to the Shareholders of TM Cerno Investment Funds

### Report on the audit of the financial statements

#### Opinion

In our opinion, the financial statements of TM Cerno Investment Funds (the "Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31st December 2020 and of the net revenue and the net capital gains on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

TM Cerno Investment Funds is an Open Ended Investment Company ('OEIC') with three sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: the Balance Sheets as at 31st December 2020; the Statements of Total Return and the Statements of Change in Net Assets Attributable to Shareholders for the year then ended; the Distribution Tables; the Statement of Accounting Policies, Distribution Policies and Risk Management Policies; and the Notes to the Financial Statements.

#### Basis for opinion

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

#### *Independence*

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

#### Conclusions relating to going concern

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

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

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

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

#### Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

# TM Cerno Investment Funds

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## Independent auditors' report to the Shareholders of TM Cerno Investment Funds *(continued)*

### *Authorised Corporate Director's Report*

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

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

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

As explained more fully in the Responsibilities of the Authorised Corporate Director, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### *Auditors' responsibilities for the audit of the financial statements*

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

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

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

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

# TM Cerno Investment Funds

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## **Independent auditors' report to the Shareholders of TM Cerno Investment Funds** *(continued)*

### *Use of this report*

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

### **Other required reporting**

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

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

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

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

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
28th April 2021

# TM Cerno Investment Funds

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## TM Cerno Investment Funds

### Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 31st December 2020

#### 1. Statement of Compliance

The financial statements have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice (UK GAAP), as defined within the UK Financial Reporting Standard (FRS 102) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' (the "SORP"), issued by the Investment Management Association (now known as the Investment Association) in May 2014 and amended in June 2017.

#### 2. Summary of Significant Accounting Policies

##### a) Basis of Preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The principal accounting policies which have been applied consistently are set out below.

##### b) Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency rounded to the nearest £'000 or as stated otherwise.

##### c) Valuation of Investments

Quoted investments are valued at bid-market value as at 12:00 noon on the last working day of the accounting year, net of any accrued interest which is included in the balance sheet as accrued revenue. Where values cannot be readily determined, the securities are valued at the ACD's best assessment of their fair value. Purchases and sales are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver, an asset or liability arises.

Collective Investment Schemes operated by the ACD are valued at their cancellation price for dual priced funds and their single price for single priced funds. Other Collective Investment Schemes are valued at their bid price for dual priced funds and their single price for single priced funds.

Open forward currency contracts are valued based on the difference between the contract value and the market value adjusted by the prevailing spot rate and swap curve.

All realised and unrealised gains and losses on investments are recognised as net capital gains/(losses) in the Statement of Total Return. Unrealised gains and losses comprise changes in the fair value of investments for the year and from reversal of prior year's unrealised gains and losses for investments which were realised in the accounting year. Realised gains and losses represent the difference between an instrument's initial carrying amount and disposal amount.

Over-the-counter derivative contracts shall be valued on the basis of unrealised gain or loss on the contract using current settlement price.

##### d) Foreign Exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the rates of exchange ruling as at 12:00 noon on the last working day of the accounting year.

##### e) Revenue

Revenue from quoted equity and non-equity shares is recognised when the security is quoted ex-dividend as a gross amount of any withholding taxes but excludes any other taxes such as attributable tax credits. Bank interest and other revenue are recognised on an accruals basis.

Distributions from collective investment schemes are recognised in the property when the security is quoted ex-dividend. Management fee rebates from underlying collective investment schemes are accounted for on an accruals basis. Management fee rebates, where applicable, are included in revenue or net capital gains dependent upon the original treatment of management fees in the underlying collective investment scheme.

Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the date they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash dividend is taken to capital.

# TM Cerno Investment Funds

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## TM Cerno Investment Funds

### Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 31st December 2020 (continued)

#### 2. Summary of Significant Accounting Policies (continued)

##### e) Revenue (continued)

Special dividends are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Where there is evidence to treat all or some of such receipts as revenue, such amounts are recognised as dividend revenue of the Company. Any tax treatment would follow the accounting treatment of the principal amount.

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment. The effective yield basis amortises any discount or premium on the purchase of a debt security over its remaining life.

Revenue from offshore funds is recognised when it is reported. Any reported revenue from an offshore fund with reporting status from HMRC, in excess of any distribution received in the reporting period, is recognised as revenue no later than the date on which the reporting fund makes this information available.

Income distributions from UK Real Estate Investment Trusts (“UK REITs”) is split into two parts, a Property Income Distribution (“PID”) made up of rental revenue and a non-PID element, consisting of non-rental revenue. The PID element is subject to corporation tax as schedule A revenue, while the non-PID element is treated as franked revenue.

Returns from derivative securities are taken to capital and/or revenue depending on the motive and circumstances surrounding the particular transaction.

##### f) Expenses

For accounting purposes, all expenses (other than those relating to the purchase and sale of investments) are charged against revenue for the year on an accruals basis.

##### g) Taxation

Corporation tax is provided at the rate of 20% of taxable revenue after the deduction of allowable expenses. 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 ACD considers that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

#### 3. Distribution Policies

##### a) Basis of Distribution

When appropriate, the Company will allocate any surplus net revenue as a dividend distribution. Distributions of income of the Company are made on or before the annual income allocation date and on or before the interim income allocation date, where applicable, in each year. The income available for distribution is determined in accordance with COLL. It comprises all revenue received or receivable for the account of the Company in respect of the accounting year concerned, after deducting net charges and expenses paid or payable out of such revenue.

##### b) Distribution from Collective Investment Schemes

The first distributions received from investments in collective investment schemes may include an element of equalisation which represents the average amount of revenue included in the price paid for shares. The equalisation is treated as a return of capital for taxation purposes and does not carry a tax credit.

##### c) Equalisation

Equalisation received from the underlying investments has been treated as a reduction in the book cost of the investments and not distributed.

##### d) Unclaimed distributions

All distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the capital of the Company in accordance with COLL.

# TM Cerno Investment Funds

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## TM Cerno Investment Funds

### Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 31st December 2020 (continued)

#### 4. Risk Management Policies

##### *Market price risk*

Market risk is the risk that the fair value or future cash flows from financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates or underlying investment prices. The Company can be exposed to market risk by virtue of its investment into equities and other financial instruments. The Company may also from time to time utilise derivatives for efficient portfolio management and for hedging purposes. These instruments may be volatile, involve certain special risks and can expose investors to a risk of loss. When used for hedging purposes there may be an imperfect correlation between these instruments and the investment or market sectors being hedged, although this basis of risk will be monitored and any material breakdown in correlation can generally be corrected by delta hedging the position or liquidation.

Market price risk is managed through active portfolio management.

##### *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.

A proportion of the Company's investment portfolio is invested in overseas securities and collective investment schemes, which may have holdings in overseas securities and consequently the balance sheet, can be affected by movements in foreign exchange rates. At times, the Investment Manager 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.

##### *Interest rate risk*

Interest rate risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in interest rates.

The Company may invest in fixed and floating rate securities. The revenue of the Company may be affected by changes to interest rates relevant to particular securities or as a result of the Investment Manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed rate securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

The Company invests in collective investment schemes which do not pay interest. However, some of the underlying collective investment scheme investments may be directly or indirectly exposed to interest rate risk.

In general, if interest rates rise, the income potential of the Company also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Company). A decline in interest rates will in general have the opposite effect.

Due to the nature of the investments held, the risk to the Company is insignificant and is therefore not actively managed.

##### *Liquidity risk*

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. The main liability of the Company is the redemption of any shares that investors wish to sell.

##### *Credit risk*

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company. To the extent that a counterparty defaults on its obligation and the Company is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. The Company's maximum exposure to credit risk (not taking account of the value of any collateral or other securities held) in the event that counterparties fail to perform their obligations as of 31st December 2020 in relation to each class of recognised financial assets including derivatives, is the carrying amount of those assets in the balance sheet.

#### **Exposure**

Exposure to market risk is calculated using the "commitment approach" methodology. In relation to Position Risk (concentration), this approach involves converting derivative positions into the equivalent positions of the underlying assets. The commitment approach is a simplistic way of identifying the level of exposure that a Company has through derivatives to the underlying equities, bonds, commodities, currencies etc. However, it does have its limitations and therefore is only used as long as the use of derivatives by the Company is "non-sophisticated".

# TM Cerno Investment Funds

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## TM Cerno Investment Funds

### Statement of Accounting Policies, Distribution Policies and Risk Management Policies

for the year ended 31st December 2020 (continued)

#### 4. Risk Management Policies (continued)

##### Objectives, policies and processes for managing risks

The risks identified above are subject to management and monitoring through the ACD's Risk Management Programme. The principal objectives of the programme are:

- To ensure that all risks are identified and monitored, and that preventive or mitigating actions are implemented
- To assess, review and challenge current and emerging risks
- To minimise the risk of loss to investors
- To administer the Company in a manner which complies with COLL and the SORP

The ACD has built a Funds Oversight Programme which comprises a range of rolling independent checks including the specific use of derivatives. The results of the programme are reported to the Investment Committee with escalation through to the Operating Committee and the ACD Board. Results of the Funds Oversight Programme are made available to the Depositary as part of their audit programme on the ACD and are also collated into a pack for review and analysis by the Investment Committee on a monthly basis.

There have not been any changes from the prior year.

##### Methods used to measure risks

###### *Market price risk*

The following checks are also performed as part of the Funds Oversight Programme on a daily basis as follows: limit breaches or positions approaching limits; leverage; eligibility; global exposure; counterparty exposure; collateral cover; OTC pricing check; fair value pricing.

###### *Liquidity risk*

Liquidity risk is controlled through monitoring the liquidity of all instruments used in the context of the investment objectives and liquidity requirements of the Company. Cash positions are monitored and reported to ensure the Company has sufficient capacity to meet obligations arising from investment in financial derivative positions.

Procedures are in place to review the Company's weightings to ensure liquidity requirements will be met in the event of extreme market movements to meet the obligation at expiry/ maturity. The process involves at least daily assessment of any impending cash liability to ensure sufficient cash can be raised to cover such liability when it falls due.

The Company is also monitored through a daily check which assesses the Company's ability to liquidate the portfolio within one working day. If the portfolio has less than 60% liquidity, it is marked as higher risk and details are reported to the Oversight Committee and monitored for significant changes either to the Company's makeup or shares traded in the Company. This liquidity check is stress tested by removing the top 20 holdings, with the process being repeated. The process is fully documented and is available upon request.

Any evaluation of OTC products proposed will involve an assessment of liquidity risk by ensuring the counterparty is obliged, upon request, to close positions prior to expiry.

Liquidity risk increases with more complex bespoke transactions due to the inability to easily unwind a position at market prices.

###### *Credit risk*

In order to manage credit risk, the ACD undertakes a cash management check on the Company, testing for any negative balances and balances in excess of £1m. Any balances highlighted are discussed with the Investment Manager to ensure that the Company does not take on any unnecessary counterparty risk with the relevant bank and that the strategy is being adhered to.

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Portfolio Statement

as at 31st December 2020

Holdings	Market value £	Percentage of total net assets %
<b>EQUITIES 52.09% (50.60%)</b>		
<b>Denmark 1.10% (1.05%)</b>		
31,285 Novozymes 'B'	<b>1,318,570</b>	<b>1.10</b>
<b>France 2.30% (1.96%)</b>		
12,045 EssilorLuxottica	1,289,000	1.08
3,192 LVMH Moet Hennessy Louis Vuitton	1,464,832	1.22
	<b>2,753,832</b>	<b>2.30</b>
<b>Germany 1.12% (1.01%)</b>		
21,760 Fresenius Medical Care AG & Co. KGaA	<b>1,334,574</b>	<b>1.12</b>
<b>Guernsey 9.00% (10.68%)</b>		
4,918,276 Hipgnosis Songs	6,074,071	5.08
4,255,725 Sequoia Economic Infrastructure Income	4,689,809	3.92
	<b>10,763,880</b>	<b>9.00</b>
<b>Ireland 2.41% (0.98%)</b>		
7,740 Accenture	1,461,685	1.22
7,385 Linde	1,416,450	1.19
	<b>2,878,135</b>	<b>2.41</b>
<b>Japan 2.34% (1.95%)</b>		
15,074 Nidec	1,390,987	1.16
8,245 Shimano	1,410,575	1.18
	<b>2,801,562</b>	<b>2.34</b>
<b>Jersey 1.29% (0.00%)</b>		
16,109 Aptiv	<b>1,543,740</b>	<b>1.29</b>
<b>Netherlands 3.55% (2.91%)</b>		
3,965 ASML	1,429,660	1.19
17,130 Heineken	1,395,369	1.17
35,932 Koninklijke Philips	1,427,600	1.19
	<b>4,252,629</b>	<b>3.55</b>
<b>South Korea 1.25% (0.97%)</b>		
1,121 Samsung Electronics GDR	<b>1,498,171</b>	<b>1.25</b>
<b>Sweden 2.27% (1.92%)</b>		
73,043 Assa Abloy	1,333,360	1.12

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Portfolio Statement

as at 31st December 2020 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>Sweden (continued)</b>		
36,336 Atlas Copco 'A'	1,380,369	1.15
	<b>2,713,729</b>	<b>2.27</b>
<b>Switzerland 2.31% (2.01%)</b>		
437 Givaudan	1,355,797	1.13
16,174 Nestlé ADR	1,405,151	1.18
	<b>2,760,948</b>	<b>2.31</b>
<b>Taiwan 1.15% (0.95%)</b>		
17,314 Taiwan Semiconductor Manufacturing ADR	<b>1,381,390</b>	<b>1.15</b>
<b>United Kingdom 16.11% (14.38%)</b>		
4,040,905 BB Healthcare Trust	7,152,402	5.98
681,054 Baillie Gifford Edinburgh Worldwide Investment Trust	2,519,900	2.10
3,437,618 HICL Infrastructure	5,967,705	4.99
25,145 Renishaw	1,455,895	1.22
2,048,440 SDCL Energy Efficiency Income Trust	2,181,588	1.82
	<b>19,277,490</b>	<b>16.11</b>
<b>United States 5.89% (9.83%)</b>		
12,624 Johnson & Johnson	1,443,972	1.21
8,878 Microsoft	1,441,959	1.20
12,903 PPG Industries	1,354,021	1.13
8,874 Visa 'A'	1,419,723	1.19
12,495 Zimmer Biomet	1,393,602	1.16
	<b>7,053,277</b>	<b>5.89</b>
<b>TOTAL EQUITIES</b>	<b>62,331,927</b>	<b>52.09</b>
<b>COLLECTIVE INVESTMENT SCHEMES 35.50% (32.15%)</b>		
<b>Ireland 16.58% (18.24%)</b>		
241,166 iShares Core MSCI Japan IMI UCITS ETF Acc	9,000,315	7.52
708,760 iShares Edge MSCI World Value Factor UCITS ETF	2,352,233	1.96
10,345 SPDR MSCI Europe Small Cap UCITS ETF	2,476,963	2.07
89,035 SPDR MSCI Japan UCITS ETF	3,562,876	2.98
79,520 SPDR MSCI USA Small Cap Value Weighted UCITS ETF	2,449,268	2.05
	<b>19,841,655</b>	<b>16.58</b>
<b>Jersey 7.52% (4.95%)</b>		
37,002 WisdomTree Physical Swiss Gold USD	4,945,317	4.13

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Portfolio Statement

as at 31st December 2020 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>Jersey (continued)</b>		
30,119 Xtrackers Physical Gold ETC	4,057,061	3.39
	<b>9,002,378</b>	<b>7.52</b>
<b>Liechtenstein 1.91% (0.00%)</b>		
12,539 B&I Asian Real Estate Securities Acc	2,289,782	1.91
<b>Luxembourg 5.22% (5.31%)</b>		
358,682 Matthews Asia China Small Companies 'S' GBP	6,244,646	5.22
<b>United Kingdom 4.27% (3.65%)</b>		
179,696 Baillie Gifford Global Discovery 'B' Acc	5,110,553	4.27
	<b>42,489,014</b>	<b>35.50</b>
<b>TOTAL COLLECTIVE INVESTMENT SCHEMES</b>		
<b>REAL ESTATE INVESTMENT TRUST 8.04% (7.63%)</b>		
<b>United Kingdom 8.04% (7.63%)</b>		
3,596,170 LXI REIT	4,265,057	3.57
4,479,978 Warehouse REIT	5,353,574	4.47
	<b>9,618,631</b>	<b>8.04</b>
	<b>9,618,631</b>	<b>8.04</b>
<b>TOTAL REAL ESTATE INVESTMENT TRUST</b>		
<b>FINANCIAL DERIVATIVE INSTRUMENTS 1.01% (1.26%)</b>		
<b>Options 0.77% (0.18%)</b>		
<b>Germany 0.20% (0.00%)</b>		
6,724 Euro Stoxx Banks Index Call at EUR 125 16/12/2022	241,873	0.20
<b>United States 0.57% (0.18%)</b>		
82 NASDAQ 100 E-mini Put at USD 10,900 19/03/2021	176,040	0.15
60 NASDAQ 100 E-mini Put at USD 11,200 19/03/2021	160,683	0.13
100 S&P 500 E-mini Put at USD 3,300 19/03/2021	156,616	0.13
91 S&P 500 E-mini Put at USD 3,400 19/03/2021	185,861	0.16
	<b>679,200</b>	<b>0.57</b>

# TM Cerno Investment Funds

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## TM Cerno Select Fund

### Portfolio Statement

as at 31st December 2020 (continued)

Holdings	Market value £	Percentage of total net assets %
<p><b>Forward Currency Contracts 0.24% (1.08%)</b></p> <p>USD (20,774,960) Sold USD, Bought GBP 15,500,000 for settlement on 19/03/2021</p>	<b>284,913</b>	<b>0.24</b>
<b>TOTAL FINANCIAL DERIVATIVE INSTRUMENTS</b>	<b>1,205,986</b>	<b>1.01</b>
<b>Net investments 96.64% (91.64%)</b>	<b>115,645,558</b>	<b>96.64</b>
Net other assets	4,017,396	3.36
<b>Total net assets</b>	<b>119,662,954</b>	<b>100.00</b>

Note: Comparative figures shown in brackets relate to 31st December 2019.

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

# TM Cerno Investment Funds

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## TM Cerno Select Fund

### Sub-fund Information

The Comparative Tables on pages 29 to 33 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the year-end published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

### Assessment of Value *(unaudited)*

A statement on the Assessment of Value will be available for all applicable funds managed by Thesis Unit Trust Management Limited. This report will be published at [www.tutman.co.uk](http://www.tutman.co.uk) within four months of the annual accounting reference date.

# TM Cerno Investment Funds

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## TM Cerno Select Fund

### Sub-fund Information *(continued)*

#### Comparative Tables

##### *Class B GBP Income*

	<i>31/12/2020<sup>1</sup></i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>	
Opening net asset value per share	1,387.65
Return before operating charges*	198.49
Operating charges	(11.57)
Return after operating charges*	186.92
Distributions on income shares	(8.57)
Closing net asset value per share	1,566.00
*After direct transaction costs of :	0.62
<b>Performance</b>	
Return after charges	13.47%
<b>Other Information</b>	
Closing net asset value (£'000)	1,268
Closing number of shares	80,950
Operating charges <sup>2</sup>	1.33%
Direct transaction costs	0.04%
<b>Prices</b>	
Highest share price	1,584.00
Lowest share price	1,373.00

<sup>1</sup> There are no comparative figures shown as share class launched on 1st June 2020.

<sup>2</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### Class B GBP Accumulation

	31/12/2020 <i>(pence per share)</i>	31/12/2019 <i>(pence per share)</i>	31/12/2018 <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	1,330.16	1,239.48	1,310.70
Return before operating charges*	263.05	107.99	(52.74)
Operating charges	(18.76)	(17.31)	(18.48)
Return after operating charges*	244.29	90.68	(71.22)
Distributions	(10.13)	(9.50)	(7.02)
Retained distributions on accumulation shares	10.13	9.50	7.02
Closing net asset value per share	1,574.45	1,330.16	1,239.48
*After direct transaction costs of <sup>1</sup> :	0.59	0.64	0.43
<b>Performance</b>			
Return after charges	18.37%	7.32%	(5.43)%
<b>Other Information</b>			
Closing net asset value (£'000)	40,771	42,520	46,076
Closing number of shares	2,589,547	3,196,596	3,717,320
Operating charges <sup>2</sup>	1.33%	1.34%	1.42%
Direct transaction costs	0.04%	0.05%	0.03%
<b>Prices</b>			
Highest share price	1,585.00	1,339.00	1,360.00
Lowest share price	1,164.00	1,233.00	1,241.48

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### Class B EUR Accumulation

	31/12/2020 <i>(€ cents per share)</i>	31/12/2019 <i>(€ cents per share)</i>	31/12/2018 <i>(€ cents per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	1,046.07	923.64	987.20
Return before operating charges*	138.71	136.12	(51.21)
Operating charges	(13.92)	(13.69)	(12.35)
Return after operating charges*	124.79	122.43	(63.56)
Distributions	(7.64)	(6.12)	(5.28)
Retained distributions on accumulation shares	7.64	6.12	5.28
Closing net asset value per share	1,170.86	1,046.07	923.64
*After direct transaction costs of <sup>1</sup> :	0.44	0.51	0.28
<b>Performance</b>			
Return after charges	11.93%	13.26%	(6.44)%
<b>Other Information</b>			
Closing net asset value (€'000)	398	462	92
Closing number of shares	34,010	44,130	9,950
Operating charges <sup>2</sup>	1.33%	1.34%	1.42%
Direct transaction costs	0.04%	0.05%	0.03%
<b>Prices</b>			
Highest share price	1,173.00	1,056.00	1,017.00
Lowest share price	835.29	917.00	924.00

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### Class C Income

	<i>31/12/2020</i> <i>(pence per share)</i>	<i>31/12/2019</i> <i>(pence per share)</i>	<i>31/12/2018</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	1,319.69	1,238.43	1,316.59
Return before operating charges*	261.28	108.07	(52.55)
Operating charges	(15.18)	(14.06)	(15.27)
Return after operating charges*	246.10	94.01	(67.82)
Distributions on income shares	(13.73)	(12.75)	(10.34)
Closing net asset value per share	1,552.06	1,319.69	1,238.43
*After direct transaction costs of <sup>1</sup> :	0.59	0.64	0.43
<b>Performance</b>			
Return after charges	18.65%	7.59%	(5.15)%
<b>Other Information</b>			
Closing net asset value (£'000)	3,814	2,664	2,028
Closing number of shares	245,749	201,865	163,773
Operating charges <sup>2</sup>	1.08%	1.09%	1.17%
Direct transaction costs	0.04%	0.05%	0.03%
<b>Prices</b>			
Highest share price	1,572.00	1,334.00	1,363.00
Lowest share price	1,157.00	1,232.00	1,240.43

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### Class C Accumulation

	<i>31/12/2020</i> <i>(pence per share)</i>	<i>31/12/2019</i> <i>(pence per share)</i>	<i>31/12/2018</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	1,350.37	1,254.96	1,323.58
Return before operating charges*	267.83	109.70	(53.23)
Operating charges	(15.54)	(14.29)	(15.39)
Return after operating charges*	252.29	95.41	(68.62)
Distributions	(14.19)	(12.95)	(10.57)
Retained distributions on accumulation shares	14.19	12.95	10.57
Closing net asset value per share	1,602.66	1,350.37	1,254.96
*After direct transaction costs of <sup>1</sup> :	0.60	0.65	0.43
<b>Performance</b>			
Return after charges	18.68%	7.60%	(5.18)%
<b>Other Information</b>			
Closing net asset value (£'000)	73,452	50,193	36,031
Closing number of shares	4,583,125	3,716,867	2,871,072
Operating charges <sup>2</sup>	1.08%	1.09%	1.17%
Direct transaction costs	0.04%	0.05%	0.03%
<b>Prices</b>			
Highest share price	1,614.00	1,359.00	1,376.00
Lowest share price	1,183.00	1,248.00	1,256.99

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

# TM Cerno Investment Funds

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## TM Cerno Select Fund

### Sub-fund Information *(continued)*

#### Synthetic Risk and Reward Indicator (“SRRI”)

**Lower Risk**

Typically lower rewards

**Higher Risk**

Typically higher rewards



The SRRI table demonstrates where a sub-fund ranks in terms of risk and reward. The higher the risk the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the risk profile of the sub-fund. The shaded area on the table above shows the sub-fund's ranking on the risk and reward indicator.

## TM Cerno Investment Funds

### TM Cerno Select Fund

#### Statement of Total Return

for the year ended 31st December 2020

	Notes	£'000	2020 £'000	£'000	2019 £'000
Income					
Net capital gains	5		17,434		5,738
Revenue	7	2,068		1,884	
Expenses	8	(1,073)		(996)	
Interest payable and similar charges		(9)		(9)	
Net revenue before taxation		986		879	
Taxation	9	(51)		(73)	
Net revenue after taxation for the year			935		806
<b>Total return before distributions</b>			<b>18,369</b>		<b>6,544</b>
Distributions	10		(935)		(805)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>17,434</b>		<b>5,739</b>

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

for the year ended 31st December 2020

	Note	£'000	2020 £'000	£'000	2019 £'000
<b>Opening net assets attributable to shareholders</b>			<b>95,768</b>		<b>84,217</b>
Amounts receivable on issue of shares		17,221		20,066	
Amounts payable on cancellation of shares		(11,660)		(15,044)	
			5,561		5,022
Dilution levy			–		13
Change in net assets attributable to shareholders from investment activities			17,434		5,739
Retained distribution on accumulation shares	10		900		777
<b>Closing net assets attributable to shareholders</b>			<b>119,663</b>		<b>95,768</b>

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Balance Sheet

as at 31st December 2020

	Notes	2020 £'000	2019 £'000
<b>Assets</b>			
Fixed assets:			
Investments		115,646	88,160
Current assets:			
Debtors	11	231	63
Cash and bank balances	12	4,026	8,142
<b>Total assets</b>		<b>119,903</b>	96,365
<b>Liabilities</b>			
Investment liabilities		–	(400)
Creditors:			
Bank overdrafts		(4)	(70)
Cash due to brokers		–	(2)
Distribution payable	10	(27)	(12)
Other creditors	13	(209)	(113)
<b>Total liabilities</b>		<b>(240)</b>	(597)
<b>Net assets attributable to shareholders</b>		<b>119,663</b>	95,768

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Notes to the Financial Statements

for the year ended 31st December 2020

#### 1. Accounting Policies

The accounting, distribution and risk management policies for notes 1 to 4 are provided on pages 20 to 23.

#### 5. Net Capital Gains

Net capital gains comprise:

	2020 £'000	2019 £'000
Non-derivative securities	17,913	9,421
Derivative securities	93	(2,154)
Derivative charges	–	(1)
Forward currency contracts	(518)	(1,060)
Currency losses	(59)	(488)
Transaction charges	(2)	(2)
Management fee rebates	7	22
Net capital gains	<u>17,434</u>	<u>5,738</u>

#### 6. Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs, please refer to the additional portfolio transaction cost information on page 28.

##### Analysis of direct transaction costs for the year ended 31st December 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Collective Investment Schemes	2,114	–	–	2,114	–	–
Equities	43,988	11	20	44,019	0.03	0.05
	<u>46,102</u>	<u>11</u>	<u>20</u>	<u>46,133</u>		
<b>Sales</b>						
Collective Investment Schemes	6,493	–	–	6,493	–	–
Equities	29,980	(12)	–	29,968	0.04	–
	<u>36,473</u>	<u>(12)</u>	<u>–</u>	<u>36,461</u>		
<hr/>						
Derivative purchases and sales		–	–			
<hr/>						
Total cost as percentage of average net asset value		0.02%	0.02%			

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 6. Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 31st December 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Collective Investment Schemes	54,209	9	–	54,218	0.02	–
Equities	29,057	14	23	29,094	0.05	0.08
	<u>83,266</u>	<u>23</u>	<u>23</u>	<u>83,312</u>		
<b>Sales</b>						
Debt Securities	18,674	–	–	18,674	–	–
Collective Investment Schemes	55,538	(7)	–	55,531	0.01	–
Equities	9,082	(4)	–	9,078	0.04	–
	<u>83,294</u>	<u>(11)</u>	<u>–</u>	<u>83,283</u>		
<hr/>						
Derivative purchases and sales		1	–			
<hr/>						
Total cost as percentage of average net asset value		0.04%	0.02%			

The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments. Therefore, purchase and sale amounts for derivative transactions are not qualified in the above analysis. Transaction costs for derivative positions will be either suffered as direct costs or form part of the dealing spread for the instrument

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.31% (31st December 2019: 0.46%), based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 7. Revenue

	2020 £'000	2019 £'000
Bank interest	1	9
Franked PID revenue	–	3
Franked UK dividends	496	321
Interest on debt securities	–	22
Offshore CIS dividend revenue	329	322
Offshore CIS interest revenue	1	257
Overseas dividends	833	695
Unfranked PID revenue	408	255
	<u>2,068</u>	<u>1,884</u>

Revenue from funds managed by Investment Managers of £Nil (31 December 2019: £Nil).

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 8. Expenses

	2020 £'000	2019 £'000
<b>Payable to the ACD or associates of the ACD:</b>		
ACD's periodic charge	61	56
Investment Manager's fees	882	821
	943	877
 <b>Payable to the Depository or associates of the Depository:</b>		
Depository's fee	32	29
Safe custody charges	15	15
	47	44
 <b>Other expenses:</b>		
Administration fees	61	56
Audit fees <sup>1</sup>	10	9
Advisory fees	1	–
Calastone fees	3	2
Euroclear fees	1	2
Legal fees	1	–
Printing fees	3	3
Registration fees	3	3
	83	75
<b>Total expenses</b>	<b>1,073</b>	<b>996</b>

<sup>1</sup> Total audit fees of £7,950 (31st December 2019: £7,350) exclusive of VAT.

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 9. Taxation

	2020 £'000	2019 £'000
<b>a) Analysis of charge for the year:</b>		
Corporation tax	–	–
Irrecoverable income tax	–	–
Overseas withholding tax	51	48
Prior year adjustment	–	25
<b>Total current tax</b>	<b>51</b>	<b>73</b>
Deferred tax charge	–	–
<b>Total taxation</b>	<b>51</b>	<b>73</b>
<b>b) Factors affecting taxation charge for the year:</b>		
Net revenue before taxation	<b>986</b>	879
Net revenue multiplied by the standard rate of corporation tax of 20% (2019: 20%)	<b>197</b>	176
Effects of:		
Excess management expenses not utilised	<b>124</b>	88
Tax effect on capital management fee rebate	<b>1</b>	4
Franked UK dividends	<b>(99)</b>	(64)
Non-taxable overseas dividends	<b>(157)</b>	(137)
Offshore CIS dividend revenue	<b>(66)</b>	(64)
Overseas withholding tax	<b>51</b>	48
PID franked investment revenue	–	(1)
Prior year adjustment	–	25
Tax due to timing differences	–	(2)
<b>Total tax charge (note 9a)</b>	<b>51</b>	<b>73</b>
<b>c) Deferred tax</b>		
Deferred tax charge (note 9a)	–	–
Provision at start of year	–	–
<b>Provision at end of year</b>	–	–

The sub-fund has not recognised a deferred tax asset of £683,941 (31st December 2019: £559,956) arising as a result of having unutilised management expenses. The unutilised management expenses will only be recovered to the extent that the sub-fund has sufficient future taxable revenue.

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 10. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	2020 £'000	2019 £'000
Interim distribution	11	14
Interim accumulation	309	395
Final distribution	27	12
Final accumulation	591	382
	938	803
Add: Revenue deducted on shares cancelled	19	28
Deduct: Revenue received on shares created	(22)	(26)
<b>Net distribution for the year</b>	<b>935</b>	<b>805</b>

#### 11. Debtors

	2020 £'000	2019 £'000
Accrued revenue	16	19
Amount receivable for issue of shares	177	12
Overseas tax recoverable	38	32
	231	63

#### 12. Cash and bank balances

	2020 £'000	2019 £'000
Cash and bank balances	3,505	7,773
Cash held at clearing houses and brokers	521	369
	4,026	8,142

#### 13. Other creditors

	2020 £'000	2019 £'000
Accrued expenses	121	107
Amount payable for cancellation of shares	88	6
	209	113

#### 14. Related Parties

Thesis Unit Trust Management Limited is regarded as a related party by virtue of having the ability to act in respect of the operations of the sub-fund in its capacity as the ACD.

Thesis Unit Trust Management Limited acts as principal on all the transactions of shares in the sub-fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Thesis Unit Trust Management Limited in respect of share transactions at the year end are disclosed within notes 11 and 13 as applicable.

Amounts paid to Thesis Unit Trust Management Limited in respect of the ACD's periodic charges and if any rebates received are disclosed in note 8. £5,562 (31st December 2019: £5,048) is the amount payable at the year end.

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 14. Related Parties (continued)

Thesis Unit Trust Management Limited did not enter into any other transactions with the sub-fund during the year.

At year end, the Fund did not hold any securities managed by the Investment Manager.

When investments are held in funds managed by an Investment Manager, a rebate is paid into the Fund. The rebates from underlying securities amounted to £Nil (31st December 2019: £Nil).

Revenue from funds managed by the Investment Managers are disclosed in note 7. £Nil (30th December 2019: £Nil) is the amount receivable from these funds at the year end.

#### 15. Equalisation

Equalisation is accrued income included in the price of shares purchased during the accounting year, which, after using monthly groupings to average, is refunded as part of a shareholder's first distribution, resulting in the same rate of distribution on all shares. As a capital repayment, it is not liable to income tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### 16. Contingent Assets, Liabilities and Outstanding Commitments

There are no contingent assets, liabilities and outstanding commitments as at 31st December 2020 (31st December 2019: £Nil).

#### 17. Share Classes

The sub-fund currently has five share classes: Class B GBP Income, Class B GBP Accumulation, Class B EUR Accumulation, Class C Income and Class C Accumulation. The distribution per share is given in the distribution tables on pages 48 to 50. All shares have the same rights on winding up.

The ACD's periodic charge and Investment Manager's fee of each share class is as follows:

	ACD's periodic charge*	Investment Manager's fee
Class B GBP Income	0.06%	1.00%
Class B GBP Accumulation	0.06%	1.00%
Class B EUR Accumulation	0.06%	1.00%
Class C Income	0.06%	0.75%
Class C Accumulation	0.06%	0.75%

\*ACD is charged on a sliding scale as per latest Prospectus.

The following table shows the shares in issue during the year:

Share Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class B GBP Income <sup>1</sup>	–	–	(560)	81,510	80,950
Class B GBP Accumulation	3,196,595	179,992	(246,556)	(540,484)	2,589,547
Class B EUR Accumulation	44,130	7,260	(17,380)	–	34,010
Class C Income	201,864	50,416	(6,531)	–	245,749
Class C Accumulation	3,716,867	968,105	(554,165)	452,318	4,583,125

<sup>1</sup> The share class launched on 1st June 2020.

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 18. Financial Instruments

In pursuing its investment objective set out on pages 4 and 5, the sub-fund holds a number of financial instruments. These may comprise:

- equity shares, non-equity shares, shares in collective investment vehicles, fixed income securities and floating rate securities. These are held in accordance with the sub-fund investment objective and policies;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- shareholders' funds which represent investors' monies which are invested on their behalf;
- borrowings used to finance investment activity;
- forward foreign currency contracts, the purpose of which is to manage the currency risk arising from the sub-fund investment activities (and related financing); and
- derivatives and other financial instruments in the form of options. Options are utilized for two purposes under Efficient Portfolio Management (EPM). They are used to adjust market exposure from cash flows to ensure asset allocation views can be maintained without adjusting underlying holdings too frequently. They are also used to adjust the tactical asset allocation of the sub-fund.

#### 19. Risks Disclosures

- *Market price risk* - risk management policies surrounding this risk are discussed in note 4 on pages 22 to 23.

At 31st December 2020, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £5,768,032 (31st December 2019: £4,335,982).

- *Foreign currency risk* - risk management policies surrounding this risk are discussed in note 4 on pages 22 to 23.

At the year end date, a portion of the net assets of the sub-fund were denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by exchange rate movements. These net assets consist of the following:

#### Foreign currency exposure as at 31st December 2020:

Currency	Forward	Monetary	Non	Total
	Contracts	Exposures	Monetary	
	2020	2020	2020	2020
	£'000	£'000	£'000	£'000
Danish kroner	–	7	1,319	1,326
Euro	–	1,196	16,830	18,026
Japanese yen	–	4	2,801	2,805
Pound sterling	15,500	2,787	64,961	83,248
Swedish krona	–	2	2,714	2,716
Swiss franc	–	26	1,356	1,382
US dollar	(15,215)	916	24,459	10,160
	<b>285</b>	<b>4,938</b>	<b>114,440</b>	<b>119,663</b>

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 19. Risks Disclosures (continued)

Foreign currency exposure as at 31st December 2019:

	Forward Contracts 2019 £'000	Monetary Exposures 2019 £'000	Non Monetary Exposures 2019 £'000	Total 2019 £'000
Chinese yuan	(4,735)	–	–	(4,735)
Danish kroner	–	6	1,000	1,006
Euro	–	1,417	5,631	7,048
Indian rupee	(2,357)	–	–	(2,357)
Japanese yen	–	133	1,871	2,004
Pound sterling	27,624	4,286	62,091	94,001
Swedish krona	–	383	1,840	2,223
Swiss franc	–	139	966	1,105
US dollar	(19,491)	1,644	13,320	(4,527)
	1,041	8,008	86,719	95,768

At 31st December 2020, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £364,146 (31st December 2019: £17,667)

- *Interest rate risk* - risk management policies surrounding this risk are discussed in note 4 on pages 22 to 23.

#### Interest rate risk profile of financial assets as at 31st December 2020:

	Floating Rate Financial Assets 2020 £'000	Fixed Rate 2020 £'000	Financial Assets Not Carrying Interest 2020 £'000	Total 2020 £'000
Danish kroner	–	–	1,319	1,319
Euro	956	–	17,072	18,028
Japanese yen	–	–	2,801	2,801
Pound sterling	2,846	–	65,246	68,092
Swedish krona	–	–	2,714	2,714
Swiss franc	14	–	1,356	1,370
US dollar	210	–	25,138	25,348
	4,026	–	115,646	119,672

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 19. Risks Disclosures (continued)

Interest rate risk profile of financial assets as at 31st December 2019:

Currency	Floating Rate		Financial Assets	
	Financial	Fixed Rate	Not Carrying	Total
	Assets	Assets	Interest	
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
Chinese yuan	–	–	44	44
Danish kroner	–	–	1,000	1,000
Euro	1,418	–	5,631	7,049
Japanese yen	133	–	1,872	2,005
Pound sterling	4,379	–	58,747	63,126
Swedish krona	381	–	1,840	2,221
Swiss franc	128	–	966	1,094
US dollar	1,703	–	18,060	19,763
	<u>8,142</u>	<u>–</u>	<u>88,160</u>	<u>96,302</u>

Interest rate risk profile of financial liabilities as at 31st December 2020:

Currency	Floating Rate		Financial	
	Financial	Liabilities Not	Carrying	Total
	Liabilities	Carrying	Interest	
	2020	2020	2020	2020
	£'000	£'000	£'000	£'000
Euro	<u>(4)</u>	<u>–</u>	<u>–</u>	<u>(4)</u>
	<u>(4)</u>	<u>–</u>	<u>–</u>	<u>(4)</u>

Interest rate risk profile of financial liabilities as at 31st December 2019:

Currency	Floating Rate		Financial	
	Financial	Liabilities Not	Carrying	Total
	Liabilities	Carrying	Interest	
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
Chinese yuan	–	(213)	(213)	(213)
Euro	(2)	–	–	(2)
Pound sterling	–	(187)	(187)	(187)
US dollar	(70)	–	–	(70)
	<u>(72)</u>	<u>(400)</u>	<u>(400)</u>	<u>(472)</u>

Short term debtors and creditors are excluded in the interest rate risk tables above. Forward currency contracts are quoted net and are included in the financial assets and/or liabilities not carrying interest category as applicable.

The sub-fund's net cash holdings of £4,022,094 (31st December 2019: £7,770,654) are held in floating rate deposit accounts, whose rates are determined by reference to LIBOR or an international equivalent borrowing rate.

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 19. Risks Disclosures (continued)

- *Credit risk* - risk management policies surrounding this risk are discussed in note 4 on pages 22 to 23.
- *Counterparty exposure risk* - The types of derivatives held at the balance sheet date were options and forward currency contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet is as follows:

Counterparty Name <sup>1</sup>	2020 £'000	2019 £'000
<b>Options</b>		
ED&F Man Capital Markets Limited	921	170
<b>Forward Currency Contracts</b>		
Northern Trust	285	1,441
<b>Total</b>	<b>1,206</b>	<b>1,611</b>

<sup>1</sup> Net exposure represents the mark-to-market value of derivative contracts less any cash collateral held. Positive exposure represents the sub-fund's exposure to that counterparty.

- *Fair value* - in the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Valuation technique as at 31st December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Equities	71,951	–	–	71,951
Collective Investment Schemes	19,842	22,647	–	42,489
Options	921	–	–	921
Forward Currency Contracts	–	285	–	285
	<b>92,714</b>	<b>22,932</b>	<b>–</b>	<b>115,646</b>

Valuation technique as at 31st December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Equities	55,765	–	–	55,765
Collective Investment Schemes	9,355	21,429	–	30,784
Options	170	–	–	170
Forward Currency Contracts	–	1,441	–	1,441
	<b>65,290</b>	<b>22,870</b>	<b>–</b>	<b>88,160</b>
<b>Liabilities</b>				
Forward Currency Contracts	–	(400)	–	(400)
	<b>–</b>	<b>(400)</b>	<b>–</b>	<b>(400)</b>

Level 1: The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3: Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

# TM Cerno Investment Funds

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## TM Cerno Select Fund

### Notes to the Financial Statements

*for the year ended 31st December 2020 (continued)*

#### **20. Leverage**

There are two ways in which the ACD can introduce leverage to the sub-fund. These are by borrowing money using its overdraft facility, and by investing in derivative positions. Approved derivative transactions may be used for Efficient Portfolio Management. There are no collateral, asset re-use or guarantee arrangements involved in the ACD's current approach to leverage.

The maximum leverage calculated on the commitment method permitted is 100%. It is expected that the ACD will operate the Company well within these limits. The 'commitment' method is the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The ACD sets maximum leverage levels and operates the sub-fund within these levels at all times. The Company has not employed significant leverage in the current year or prior year.

#### **21. Post Balance Sheet Events**

The latest NAV per Class C Accumulation of 1,672.71p as at the close of business on 23rd April 2021 had increased on average across the share classes by 4.37% compared to the NAV at the year end of 1,602.66p.

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Distribution Tables

for the year ended 31st December 2020

#### Interim Distribution Class B GBP Income (in pence per share)<sup>1,2</sup>

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Income	Equalisation (note 15)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	1.6507	–	1.6507	–
2	1.6507	–	1.6507	–

#### Interim Accumulation Class B GBP Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
1	3.2163	–	3.2163	4.9388
2	2.6962	0.5201	3.2163	4.9388

#### Interim Accumulation Class B EUR Accumulation (in € cents per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
1	2.6265	–	2.6265	3.6639
2	2.5061	0.1204	2.6265	3.6639

#### Interim Distribution Class C Income (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Income	Equalisation (note 15)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	5.0101	–	5.0101	6.5585
2	4.9977	0.0124	5.0101	6.5585

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Distribution Tables

for the year ended 31st December 2020 (continued)

#### Interim Accumulation Class C Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
1	5.2484	–	5.2484	6.6130
2	4.0163	1.2321	5.2484	6.6130

#### Final Distribution Class B GBP Income (in pence per share)<sup>1,2</sup>

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Income	Equalisation (note 15)	2021 Net Distribution Payable	2020 Net Distribution Paid
1	6.9147	–	6.9147	–
2	6.9147	–	6.9147	–

#### Final Accumulation Class B GBP Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
1	6.9182	–	6.9182	4.5633
2	5.7695	1.1487	6.9182	4.5633

#### Final Accumulation Class B EUR Accumulation (in € cents per share)

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
1	5.0127	–	5.0127	2.4517
2	4.4620	0.5507	5.0127	2.4517

# TM Cerno Investment Funds

## TM Cerno Select Fund

### Distribution Tables

for the year ended 31st December 2020 (continued)

#### Final Distribution Class C Income (in pence per share)

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Income	Equalisation (note 15)	2021 Net Distribution Payable	2020 Net Distribution Paid
1	8.7153	–	8.7153	6.1926
2	6.6269	2.0884	8.7153	6.1926

#### Final Accumulation Class C Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
1	8.9414	–	8.9414	6.3338
2	6.4620	2.4794	8.9414	6.3338

<sup>1</sup> There were no comparative figures shown as the share class launched on 1st June 2020.

<sup>2</sup> There were no group 2 shares for this period.

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Portfolio Statement

as at 31st December 2020

Holdings	Market value £	Percentage of total net assets %
<b>EQUITIES 94.11% (92.07%)</b>		
<b>Australia 2.78% (0.00%)</b>		
10,692 CSL	<b>1,717,202</b>	<b>2.78</b>
<b>Cayman Islands 24.62% (29.08%)</b>		
117,388 Alibaba Group	2,578,376	4.17
27,806 Bilibili ADR	1,919,812	3.10
257,825 China Literature	1,482,764	2.39
847,440 Kingdee International Software	2,526,938	4.08
12,047 Sea ADR	1,736,611	2.81
113,925 Sunny Optical Technology	1,827,205	2.95
59,398 Tencent Holdings	3,166,192	5.12
	<b>15,237,898</b>	<b>24.62</b>
<b>Hong Kong 2.57% (2.98%)</b>		
152,100 Techtronic Industries	<b>1,589,903</b>	<b>2.57</b>
<b>Japan 25.53% (20.73%)</b>		
7,296 Disco	1,794,654	2.90
12,100 GMO Payment Gateway	1,190,532	1.92
24,700 Harmonic Drive Systems	1,615,491	2.61
11,700 KOSÉ	1,461,428	2.36
28,167 Murata Manufacturing	1,866,278	3.02
23,060 Nidec	2,127,912	3.44
35,800 Nihon M&A Center	1,751,020	2.83
18,940 Sysmex	1,669,635	2.70
8,500 Tokyo Electron	2,318,020	3.75
	<b>15,794,970</b>	<b>25.53</b>
<b>Luxembourg 2.85% (0.00%)</b>		
11,065 Globant	<b>1,766,362</b>	<b>2.85</b>
<b>People's Republic of China 17.36% (18.84%)</b>		
398,500 Centre Testing International	1,228,084	1.99
139,950 Hangzhou Tigermed Consulting	2,547,562	4.12
166,500 Midea	1,846,161	2.98
48,433 Shenzhen Mindray Bio-Medical Electronics	2,322,901	3.75
195,636 Wuxi AppTec	2,799,374	4.52
	<b>10,744,082</b>	<b>17.36</b>
<b>South Korea 5.14% (5.14%)</b>		
2,382 Samsung Electronics GDR	<b>3,183,446</b>	<b>5.14</b>

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Portfolio Statement

as at 31st December 2020 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>Taiwan 10.66% (13.68%)</b>		
181,406 Advantech	1,653,310	2.67
279,200 Delta Electronics	1,914,814	3.09
37,977 Taiwan Semiconductor Manufacturing ADR	3,029,979	4.90
	<b>6,598,103</b>	<b>10.66</b>
<b>United Kingdom 0.00% (1.62%)</b>		
<b>United States 2.60% (0.00%)</b>		
10,455 ResMed	1,606,629	2.60
<b>TOTAL EQUITIES</b>	<b>58,238,595</b>	<b>94.11</b>
<b>COLLECTIVE INVESTMENT SCHEMES 0.00% (3.80%)</b>		
<b>Ireland 0.00% (3.80%)</b>		
<b>FINANCIAL DERIVATIVE INSTRUMENTS 0.05% (1.19%)</b>		
<b>Forward Currency Contracts 0.05% (1.19%)</b>		
KRW (4,181,594,000) Sold KRW, Bought USD 3,830,000 for settlement on 16/03/2021	(8,202)	(0.01)
KRW (4,157,200,000) Sold KRW, Bought USD 3,800,000 for settlement on 16/03/2021	(13,763)	(0.02)
TWD (63,457,000) Sold TWD, Bought USD 2,300,000 for settlement on 16/03/2021	9,579	0.02
USD (3,830,000) Sold USD, Bought JPY 397,404,630 for settlement on 16/03/2021	21,207	0.03
USD (3,800,000) Sold USD, Bought JPY 392,912,400 for settlement on 16/03/2021	11,231	0.02
USD (2,300,000) Sold USD, Bought JPY 237,815,400 for settlement on 16/03/2021	6,798	0.01
	<b>26,850</b>	<b>0.05</b>
<b>TOTAL FINANCIAL DERIVATIVE INSTRUMENTS</b>	<b>26,850</b>	<b>0.05</b>
<b>Net investments 94.16% (97.06%)</b>	<b>58,265,445</b>	<b>94.16</b>
Net other assets	3,614,751	5.84
<b>Total net assets</b>	<b>61,880,196</b>	<b>100.00</b>

Note: Comparative figures shown in brackets relate to 31st December 2019.

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

# TM Cerno Investment Funds

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## TM Cerno Pacific Fund

### Sub-fund Information

The Comparative Tables on pages 54 to 58 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the year-end published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

### Assessment of Value *(unaudited)*

A statement on the Assessment of Value will be available for all applicable funds managed by Thesis Unit Trust Management Limited. This report will be published at [www.tutman.co.uk](http://www.tutman.co.uk) within four months of the annual accounting reference date.

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Sub-fund Information *(continued)*

#### Comparative Tables

##### *Class A GBP Accumulation*

	<i>31/12/2020</i> <i>(pence per share)</i>	<i>31/12/2019</i> <i>(pence per share)</i>	<i>31/12/2018</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	1,300.00	1,015.60	1,174.95
Return before operating charges*	849.17	303.47	(134.13)
Operating charges	(23.25)	(19.07)	(25.22)
Return after operating charges*	825.92	284.40	(159.35)
Distributions	–	(1.37)	–
Retained distributions on accumulation shares	–	1.37	–
Closing net asset value per share	2,125.92	1,300.00	1,015.60

*After direct transaction costs of <sup>1</sup> :	0.53	0.51	0.67
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#### Performance

Return after charges	63.53%	28.00%	(13.56)%
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#### Other Information

Closing net asset value (£'000)	504	–	2,914
Closing number of shares	23,701	1	286,853
Operating charges <sup>2</sup>	1.29%	1.68%	2.23%
Direct transaction costs	0.03%	0.04%	0.06%

#### Prices

Highest share price	2,128.00	1,293.00	1,211.00
Lowest share price	1,167.00	1,014.00	1,002.00

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

# TM Cerno Investment Funds

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## TM Cerno Pacific Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### Class B GBP Income

	<i>31/12/2020<sup>1</sup></i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>	
Opening net asset value per share	1,649.00
Return before operating charges*	507.72
Operating charges	(9.74)
Return after operating charges*	497.98
Distributions on income shares	–
Closing net asset value per share	2,146.98
*After direct transaction costs of <sup>2</sup> :	0.57
<b>Performance</b>	
Return after charges	30.20%
<b>Other Information</b>	
Closing net asset value (£'000)	657
Closing number of shares	30,600
Operating charges <sup>3</sup>	1.04%
Direct transaction costs	0.03%
<b>Prices</b>	
Highest share price	2,149.00
Lowest share price	1,639.00

<sup>1</sup> There are no comparative figure shown as the share class launched on 8th July 2020.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund.

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### Class B GBP Accumulation

	<i>31/12/2020</i> <i>(pence per share)</i>	<i>31/12/2019</i> <i>(pence per share)</i>	<i>31/12/2018</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	1,286.82	1,020.46	1,177.62
Return before operating charges*	875.48	282.97	(134.69)
Operating charges	(17.45)	(16.61)	(22.47)
Return after operating charges*	858.03	266.36	(157.16)
Distributions	(0.34)	(2.77)	–
Retained distributions on accumulation shares	0.34	2.77	–
Closing net asset value per share	2,144.85	1,286.82	1,020.46
*After direct transaction costs of <sup>1</sup> :	0.49	0.52	0.67
<b>Performance</b>			
Return after charges	66.68%	26.10%	(13.35)%
<b>Other Information</b>			
Closing net asset value (£'000)	45,402	8,155	6,179
Closing number of shares	2,116,800	633,748	605,533
Operating charges <sup>2</sup>	1.04%	1.43%	1.98%
Direct transaction costs	0.03%	0.04%	0.06%
<b>Prices</b>			
Highest share price	2,147.00	1,303.00	1,214.00
Lowest share price	1,177.00	1,019.00	1,006.00

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion.

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### Class M Accumulation

	<i>31/12/2020</i> <i>(pence per share)</i>	<i>31/12/2019<sup>1</sup></i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>		
Opening net asset value per share	1,279.77	1,218.00
Return before operating charges*	873.23	62.40
Operating charges	(4.58)	(0.63)
Return after operating charges*	868.65	61.77
Distributions	(8.88)	(1.11)
Retained distributions on accumulation shares	8.88	1.11
Closing net asset value per share	2,148.42	1,279.77
*After direct transaction costs of <sup>2</sup> :	0.46	0.57
<b>Performance</b>		
Return after charges	67.88%	5.07%
<b>Other Information</b>		
Closing net asset value (£'000)	15,232	8,644
Closing number of shares	709,004	675,392
Operating charges <sup>3</sup>	0.29%	0.68%
Direct transaction costs	0.03%	0.04%
<b>Prices</b>		
Highest share price	2,151.00	1,296.00
Lowest share price	1,172.00	1,014.00

<sup>1</sup> The share class launched on 4th December 2019.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### Class E Income

	<i>31/12/2020<sup>1</sup></i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>	
Opening net asset value per share	1,558.00
Return before operating charges*	597.17
Operating charges	(9.94)
Return after operating charges*	587.23
Distributions on income shares	(0.40)
Closing net asset value per share	2,144.83
 *After direct transaction costs of <sup>2</sup> :	 0.53
<b>Performance</b>	
Return after charges	37.69%
<b>Other Information</b>	
Closing net asset value (£'000)	85
Closing number of shares	3,950
Operating charges <sup>3</sup>	1.04%
Direct transaction costs	0.03%
<b>Prices</b>	
Highest share price	2,147.00
Lowest share price	1,556.00

<sup>1</sup> There are no comparative figure shown as share class launched on 19th June 2020.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund.

# TM Cerno Investment Funds

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## TM Cerno Pacific Fund

### Sub-fund Information *(continued)*

#### Risk and Reward Indicator (“RRI”)

**Lower Risk**

Typically lower rewards

**Higher Risk**

Typically higher rewards



The RRI table demonstrates where a sub-fund ranks in terms of risk and reward. The higher the risk the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the risk profile of the sub-fund. The shaded area on the table above shows the sub-fund's ranking on the risk and reward indicator.

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Statement of Total Return

for the year ended 31st December 2020

	Notes	£'000	2020 £'000	£'000	2019 £'000
Income					
Net capital gains	5		18,696		2,601
Revenue	7	297		156	
Expenses	8	(229)		(152)	
Interest payable and similar charges		(1)		(2)	
Net revenue before taxation		67		2	
Taxation	9	(42)		(12)	
Net revenue/(expense) after taxation for the year			25		(10)
<b>Total return before distributions</b>			<b>18,721</b>		<b>2,591</b>
Distributions	10		(76)		(28)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>18,645</b>		<b>2,563</b>

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

for the year ended 31st December 2020

	Note	£'000	2020 £'000	£'000	2019 £'000
<b>Opening net assets attributable to shareholders</b>			<b>16,799</b>		<b>9,093</b>
Amounts receivable on issue of shares		31,166		8,411	
Amounts payable on cancellation of shares		(4,824)		(3,321)	
			26,342		5,090
Dilution levy			21		25
Change in net assets attributable to shareholders from investment activities			18,645		2,563
Retained distribution on accumulation shares	10		73		28
<b>Closing net assets attributable to shareholders</b>			<b>61,880</b>		<b>16,799</b>

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Balance Sheet

as at 31st December 2020

	Notes	2020 £'000	2019 £'000
<b>Assets</b>			
Fixed assets:			
Investments		58,287	16,343
Current assets:			
Debtors	11	954	10
Cash and bank balances	12	3,275	535
<b>Total assets</b>		<b>62,516</b>	16,888
<b>Liabilities</b>			
Investment liabilities		(22)	(38)
Creditors:			
Bank overdrafts		(3)	(13)
Other creditors	13	(611)	(38)
<b>Total liabilities</b>		<b>(636)</b>	(89)
<b>Net assets attributable to shareholders</b>		<b>61,880</b>	16,799

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Notes to the Financial Statements

for the year ended 31st December 2020

#### 1. Accounting Policies

The accounting, distribution and risk management policies for notes 1 to 4 are provided on pages 20 to 23.

#### 5. Net Capital Gains

Net capital gains comprise:

	2020 £'000	2019 £'000
Non-derivative securities	18,642	2,542
Derivative securities	–	(12)
Derivative charges	–	(1)
Forward currency contracts	198	152
Currency losses	(139)	(77)
Transaction charges	(6)	(4)
Management fee rebates	1	1
Net capital gains	<u>18,696</u>	<u>2,601</u>

#### 6. Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs, please refer to the additional portfolio transaction cost information on page 53.

##### Analysis of direct transaction costs for the year ended 31st December 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	31,819	14	8	31,841	0.04	0.03
	<u>31,819</u>	<u>14</u>	<u>8</u>	<u>31,841</u>		
<b>Sales</b>						
Collective Investment Schemes	428	–	–	428	–	–
Equities	7,925	(4)	(4)	7,917	0.05	0.05
	<u>8,353</u>	<u>(4)</u>	<u>(4)</u>	<u>8,345</u>		
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		<b>0.06%</b>	<b>0.04%</b>			

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 6. Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 31st December 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Collective Investment Schemes	654	–	–	654	–	–
Equities	14,204	9	13	14,226	0.06	0.09
	<u>14,858</u>	<u>9</u>	<u>13</u>	<u>14,880</u>		
<b>Sales</b>						
Debt Securities	810	–	–	810	–	–
Collective Investment Schemes	4,861	–	–	4,861	–	–
Equities	4,715	(6)	(1)	4,708	0.13	0.02
	<u>10,386</u>	<u>(6)</u>	<u>(1)</u>	<u>10,379</u>		
<b>Derivative purchases and sales</b>						
		–	–			
<b>Total cost as percentage of average net asset value</b>		<b>0.14%</b>	<b>0.13%</b>			

The sub-fund utilised derivatives instruments, including forward currency contracts. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments. Therefore, purchase and sale amounts for derivative transactions are not qualified in the above analysis. Transaction costs for derivative positions will be either suffered as direct costs or form part of the dealing spread for the instrument.

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.16% (31st December 2019: 0.15%), based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 7. Revenue

	<b>2020</b> <b>£'000</b>	2019 £'000
Bank interest	–	1
Franked CIS revenue	–	2
Franked UK dividends	–	29
Offshore CIS dividend revenue	–	37
Overseas dividends	<u>297</u>	<u>87</u>
	<u><b>297</b></u>	<u>156</u>

Revenue from funds managed by Investment Managers of £Nil (31 December 2019: £Nil).

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 8. Expenses

	2020 £'000	2019 £'000
<b>Payable to the ACD or associates of the ACD:</b>		
ACD's periodic charge	22	15
Investment Manager's fees	142	83
	164	98
<b>Payable to the Depository or associates of the Depository:</b>		
Depository's fee	11	9
Safe custody charges	9	6
	20	15
<b>Other expenses:</b>		
Administration fees	21	27
Audit fees <sup>1</sup>	10	8
Advisory fees	3	–
Calastone fees	2	–
Legal fees	5	1
Printing fees	1	–
Registration fees	3	3
	45	39
<b>Total expenses</b>	<b>229</b>	<b>152</b>

<sup>1</sup> Total audit fees of £7,950 (31st December 2019: £7,350), exclusive of VAT.

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 9. Taxation

	2020 £'000	2019 £'000
<b>a) Analysis of charge for the year:</b>		
Corporation tax	–	–
Irrecoverable income tax	–	–
Overseas withholding tax	42	12
<b>Total current tax</b>	<b>42</b>	<b>12</b>
Deferred tax charge	–	–
<b>Total taxation</b>	<b>42</b>	<b>12</b>
<b>b) Factors affecting taxation charge for the year:</b>		
Net revenue before taxation	67	2
Net revenue multiplied by the standard rate of corporation tax of 20% (2019: 20%)	13	–
Effects of:		
Excess management expenses not utilised	46	30
Franked UK dividends	–	(13)
Non-taxable overseas dividends	(59)	(17)
Overseas withholding tax	42	12
<b>Total tax charge (note 9a)</b>	<b>42</b>	<b>12</b>
<b>c) Deferred tax</b>		
Deferred tax charge (note 9a)	–	–
Provision at start of year	–	–
<b>Provision at end of year</b>	<b>–</b>	<b>–</b>

The sub-fund has not recognised a deferred tax asset of £110,972 (31st December 2019: £65,279) arising as a result of having unutilised management expenses. The unutilised management expenses will only be recovered to the extent that the sub-fund has sufficient future taxable revenue.

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 10. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	2020 £'000	2019 £'000
Interim distribution	–	–
Interim accumulation	44	21
Final distribution	–	–
Final accumulation	29	7
	73	28
Add: Revenue deducted on shares cancelled	6	–
Deduct: Revenue received on shares created	(3)	–
<b>Net distribution for the year</b>	<b>76</b>	<b>28</b>

#### Reconciliation between net revenue and distribution

	2020 £'000	2019 £'000
Net revenue/(expense) after taxation	25	(10)
Deficit transferred to capital	51	38
	76	28

#### 11. Debtors

	2020 £'000	2019 £'000
Accrued revenue	20	10
Amount receivable for issue of shares	934	–
	954	10

#### 12. Cash and bank balances

	2020 £'000	2019 £'000
Cash and bank balances	3,198	452
Cash held at clearing houses and brokers	77	83
	3,275	535

#### 13. Other creditors

	2020 £'000	2019 £'000
Accrued expenses	60	38
Amount payable for cancellation of shares	8	–
Purchases awaiting settlement	543	–
	611	38

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 14. Related Parties

Thesis Unit Trust Management Limited is regarded as a related party by virtue of having the ability to act in respect of the operations of the sub-fund in its capacity as the ACD.

Thesis Unit Trust Management Limited acts as principal on all the transactions of shares in the sub-fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Thesis Unit Trust Management Limited in respect of share transactions at the year end are disclosed within notes 11 and 13 as applicable.

Amounts paid to Thesis Unit Trust Management Limited in respect of the ACD's periodic charges and if any rebates received are disclosed in note 8. £3,354 (31st December 2019: £1,272) is the amount payable at the year end.

Thesis Unit Trust Management Limited did not enter into any other transactions with the sub-fund during the year.

At year end, the Fund did not hold any securities managed by the Investment Manager.

When investments are held in funds managed by an Investment Manager, a rebate is paid into the Fund. The rebates from underlying securities amounted to £Nil (31st December 2019: £Nil).

Revenue from funds managed by the Investment Managers are disclosed in note 7. £Nil (30th December 2019: £Nil) is the amount receivable from these funds at the year end.

#### 15. Equalisation

Equalisation is accrued income included in the price of shares purchased during the accounting year, which, after using monthly groupings to average, is refunded as part of a shareholder's first distribution, resulting in the same rate of distribution on all shares. As a capital repayment, it is not liable to income tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### 16. Contingent Assets, Liabilities and Outstanding Commitments

There are no contingent assets, liabilities and outstanding commitments as at 31st December 2020 (31st December 2019: £Nil).

#### 17. Share Classes

The sub-fund currently has five share classes: Class A GBP Accumulation, Class B GBP Income, Class B GBP Accumulation, Class E income and Class M Accumulation. The distribution per share is given in the distribution tables on pages 74 to 76. All classes have the same rights on winding up.

The ACD's periodic charge and Investment Manager's fee of each share class is as follows:

	ACD's periodic charge*	Investment Manager's fee
Class A GBP Accumulation	0.07%	1.00%
Class B GBP Income	0.07%	0.75%
Class B GBP Accumulation	0.07%	0.75%
Class E Income	0.07%	0.75%
Class M Accumulation	0.07%	0.00%

\*ACD is charged on a sliding scale as per latest Prospectus.

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 17. Share Classes (continued)

The following table shows the shares in issue during the year:

Share Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A GBP Accumulation	1	26,408	(2,708)	–	23,701
Class B GBP Income <sup>1</sup>	–	31,793	(1,193)	–	30,600
Class B GBP Accumulation	633,748	1,569,395	(86,343)	–	2,116,800
Class E Income <sup>2</sup>	–	3,950	–	–	3,950
Class M Accumulation	675,392	225,612	(192,000)	–	709,004

<sup>1</sup> The share class launched on 8th July 2020.

<sup>2</sup> The share class launched on 19th June 2020.

#### 18. Financial Instruments

In pursuing its investment objective set out on pages 4 and 5, the sub-fund holds a number of financial instruments. These may comprise:

- equity shares, non-equity shares, shares in collective investment vehicles, fixed income securities and floating rate securities. These are held in accordance with the sub-fund investment objective and policies;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- shareholders' funds which represent investors' monies which are invested on their behalf;
- borrowings used to finance investment activity; and
- forward foreign currency contracts, the purpose of which is to manage the currency risk arising from the sub-fund's investment activities (and related financing).

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 19. Risks Disclosures

- *Market price risk* - risk management policies surrounding this risk are discussed in note 4 on pages 22 to 23.

At 31st December 2020, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £2,911,930 (31st December 2019: £805,191).

- *Foreign currency risk* - risk management policies surrounding this risk are discussed in note 4 on pages 22 to 23.

At the year end date, majority of the net assets of the sub-fund were denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by exchange rate movements. These net assets consist of the following:

#### Foreign currency exposure as at 31st December 2020:

Currency	Forward	Monetary	Non	Total
	Contracts	Exposures	Monetary	
	2020	2020	2020	2020
	£'000	£'000	£'000	£'000
Australian dollar	–	–	1,717	1,717
Chinese yuan	–	–	7,945	7,945
Hong Kong dollar	–	–	15,971	15,971
Japanese yen	7,312	239	15,795	23,346
Pound sterling	–	2,792	–	2,792
South Korean won	(5,610)	–	–	(5,610)
Taiwan dollar	(1,675)	–	3,568	1,893
US dollar	–	583	13,243	13,826
	<b>27</b>	<b>3,614</b>	<b>58,239</b>	<b>61,880</b>

#### Foreign currency exposure as at 31st December 2019:

Currency	Forward	Monetary	Non	Total
	Contracts	Exposures	Monetary	
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
Chinese yuan	(2,323)	23	1,850	(450)
Hong Kong dollar	–	–	4,755	4,755
Indian rupee	(334)	–	–	(334)
Japanese yen	–	–	3,481	3,481
Pound sterling	2,855	409	910	4,174
Taiwan dollar	–	12	1,197	1,209
US dollar	3	51	3,910	3,964
	<b>201</b>	<b>495</b>	<b>16,103</b>	<b>16,799</b>

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 19. Risks Disclosures (continued)

At 31st December 2020, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £590,884 (31st December 2019: £153,448).

- *Interest rate risk* - risk management policies surrounding this risk are discussed in note 4 on pages 22 to 23.

#### Interest rate risk profile of financial assets as at 31st December 2020:

Currency	Floating Rate	Fixed Rate	Financial Assets	Total
	Financial		Not Carrying	
	Assets		Interest	
	2020	2020	2020	2020
	£'000	£'000	£'000	£'000
Australian dollar	–	–	1,717	1,717
Chinese yuan	–	–	7,945	7,945
Hong Kong dollar	–	–	15,971	15,971
Japanese yen	–	–	15,834	15,834
Pound sterling	3,012	–	–	3,012
Taiwan dollar	1	–	3,568	3,569
US dollar	262	–	13,252	13,514
	<b>3,275</b>	<b>–</b>	<b>58,287</b>	<b>61,562</b>

#### Interest rate risk profile of financial assets as at 31st December 2019:

Currency	Floating Rate	Fixed Rate	Financial Assets	Total
	Financial		Not Carrying	
	Assets		Interest	
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
Chinese yuan	22	–	1,914	1,936
Hong Kong dollar	–	–	4,755	4,755
Japanese yen	–	–	3,481	3,481
Pound sterling	449	–	1,060	1,509
South Korean won	–	–	8	8
Taiwan dollar	12	–	1,214	1,226
US dollar	51	–	3,911	3,962
	<b>534</b>	<b>–</b>	<b>16,343</b>	<b>16,877</b>

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 19. Risks Disclosures (continued)

##### Interest rate risk profile of financial liabilities as at 31st December 2020:

Currency	Floating Rate Financial Liabilities 2020 £'000	Financial Liabilities Not Carrying Interest 2020 £'000	Total 2020 £'000
South Korean won	–	(22)	(22)
Taiwan dollar	(1)	–	(1)
US dollar	(2)	–	(2)
	<u>(3)</u>	<u>(22)</u>	<u>(25)</u>

##### Interest rate risk profile of financial liabilities as at 31st December 2019:

Currency	Floating Rate Financial Liabilities 2019 £'000	Financial Liabilities Not Carrying Interest 2019 £'000	Total 2019 £'000
Chinese yuan	–	(1)	(1)
Japanese yen	–	(4)	(4)
Pound sterling	(13)	(14)	(27)
South Korean won	–	(4)	(4)
Taiwan dollar	–	(13)	(13)
US dollar	–	(2)	(2)
	<u>(13)</u>	<u>(38)</u>	<u>(51)</u>

Short term debtors and creditors are excluded in the interest rate risk tables above. Forward currency contracts are quoted net and are included in the financial assets and/or liabilities not carrying interest category as applicable.

The sub-fund's net cash holdings of £3,272,259 (31st December 2019: £521,893) are held in floating rate deposit accounts, whose rates are determined by reference to LIBOR or an international equivalent borrowing rate.

- *Credit risk* - risk management policies surrounding this risk are discussed in note 4 on pages 22 to 23.
- *Counterparty exposure risk* - The type of derivative held at the balance sheet date was forward currency contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet is as follows:

Counterparty Name <sup>1</sup>	2020 £'000	2019 £'000
<b>Forward Currency Contracts</b>		
Northern Trust	49	239
<b>Total</b>	<u>49</u>	<u>239</u>

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 19. Risks Disclosures (continued)

<sup>1</sup> Net exposure represents the mark-to-market value of derivative contracts less any cash collateral held. Positive exposure represents the sub-fund's exposure to that counterparty.

- *Fair value* - in the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Valuation technique as at 31st December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Equities	58,238	–	–	58,238
Forward Currency Contracts	–	49	–	49
	<u>58,238</u>	<u>49</u>	<u>–</u>	<u>58,287</u>
<b>Liabilities</b>				
Forward Currency Contracts	–	(22)	–	(22)
	<u>–</u>	<u>(22)</u>	<u>–</u>	<u>(22)</u>
Valuation technique as at 31st December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Equities	15,467	–	–	15,467
Collective Investment Schemes	–	637	–	637
Forward Currency Contracts	–	239	–	239
	<u>15,467</u>	<u>876</u>	<u>–</u>	<u>16,343</u>
<b>Liabilities</b>				
Forward Currency Contracts	–	(38)	–	(38)
	<u>–</u>	<u>(38)</u>	<u>–</u>	<u>(38)</u>

Level 1: The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3: Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

# TM Cerno Investment Funds

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## TM Cerno Pacific Fund

### Notes to the Financial Statements

*for the year ended 31st December 2020 (continued)*

#### **20. Leverage**

There are two ways in which the ACD can introduce leverage to the sub-fund. These are by borrowing money using its overdraft facility, and by investing in derivative positions. Approved derivative transactions may be used for Efficient Portfolio Management. There are no collateral, asset re-use or guarantee arrangements involved in the ACD's current approach to leverage.

The maximum leverage calculated on the commitment method permitted is 100%. It is expected that the ACD will operate the Company well within these limits. The 'commitment' method is the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The ACD sets maximum leverage levels and operates the sub-fund within these levels at all times. The Company has not employed significant leverage in the current year or prior year.

#### **21. Post Balance Sheet Events**

The latest NAV per Class B GBP Accumulation of 2,190.60p as at the close of business on 23rd April 2021 had increased on average across the share classes by 2.13% compared to the NAV at the year end of 2,144.85p.

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Distribution Tables

for the year ended 31st December 2020

#### Interim Accumulation Class A GBP Accumulation (in pence per share)<sup>2</sup>

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
1	–	–	–	1.3728
2	–	–	–	1.3728

#### Interim Accumulation Class B GBP Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
1	0.3392	–	0.3392	2.7708
2	0.2851	0.0541	0.3392	2.7708

#### Interim Accumulation Class M Accumulation (in pence per share)<sup>3</sup>

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Accumulation	Equalisation (note 15)	2020 Net Accumulation	2019 Net Accumulation
1	4.8458	–	4.8458	–
2	4.7448	0.1010	4.8458	–

#### Interim Distribution Class E Income (in pence per share)<sup>4</sup>

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Income	Equalisation (note 15)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	0.3972	–	0.3972	–
2	0.0943	0.3029	0.3972	–

# TM Cerno Investment Funds

## TM Cerno Pacific Fund

### Distribution Tables

for the year ended 31st December 2020 (continued)

#### Final Accumulation Class A GBP Accumulation (in pence per share)<sup>2</sup>

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
1	–	–	–	–
2	–	–	–	–

#### Final Distribution Class B GBP Income (in pence per share)<sup>2,5</sup>

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Income	Equalisation (note 15)	2021 Net Distribution Payable	2020 Net Distribution Paid
1	–	–	–	–
2	–	–	–	–

#### Final Accumulation Class B GBP Accumulation (in pence per share)<sup>2</sup>

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
1	–	–	–	–
2	–	–	–	–

#### Final Accumulation Class M Accumulation (in pence per share)<sup>1</sup>

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Accumulation	Equalisation (note 15)	2021 Net Accumulation	2020 Net Accumulation
1	4.0304	–	4.0304	1.1097
2	4.0304	–	4.0304	1.1097

# TM Cerno Investment Funds

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## TM Cerno Pacific Fund

### Distribution Tables

for the year ended 31st December 2020 (continued)

### Final Distribution Class E Income (in pence per share)<sup>2,4</sup>

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Income	Equalisation (note 15)	2021 Net Distribution Payable	2020 Net Distribution Paid
1	–	–	–	–
2	–	–	–	–

<sup>1</sup> There were no group 2 shares for this period.

<sup>2</sup> Expenses exceeded revenue during the year, as a result no distribution we paid or allocated.

<sup>3</sup> There are no comparative figures shown as the share class launched on 4th December 2019.

<sup>4</sup> There are no comparative figures shown as the share class launched on 19th June 2020.

<sup>5</sup> There are no comparative figures shown as the share class launched on 8th July 2020.

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Portfolio Statement

as at 31st December 2020

Holdings	Market value £	Percentage of total net assets %
<b>EQUITIES 97.29% (97.63%)</b>		
<b>Denmark 3.84% (3.56%)</b>		
100,195 Novozymes 'B'	<b>4,222,921</b>	<b>3.84</b>
<b>France 8.33% (7.01%)</b>		
40,965 EssilorLuxottica	4,719,125	4.29
9,564 LVMH Moet Hennessy Louis Vuitton	4,439,734	4.04
	<b>9,158,859</b>	<b>8.33</b>
<b>Germany 3.71% (3.55%)</b>		
66,490 Fresenius Medical Care AG & Co. KGaA	<b>4,077,933</b>	<b>3.71</b>
<b>Ireland 8.11% (3.54%)</b>		
23,205 Accenture	4,382,221	3.99
23,630 Linde	4,532,257	4.12
	<b>8,914,478</b>	<b>8.11</b>
<b>Japan 8.15% (7.16%)</b>		
51,125 Nidec	4,717,672	4.29
24,795 Shimano	4,241,991	3.86
	<b>8,959,663</b>	<b>8.15</b>
<b>Jersey 4.31% (0.00%)</b>		
49,433 Aptiv	<b>4,737,208</b>	<b>4.31</b>
<b>Netherlands 12.37% (10.70%)</b>		
13,290 ASML	4,791,975	4.36
55,360 Heineken	4,509,494	4.10
108,405 Koninklijke Philips	4,306,995	3.91
	<b>13,608,464</b>	<b>12.37</b>
<b>South Korea 4.03% (3.63%)</b>		
3,314 Samsung Electronics GDR	<b>4,429,026</b>	<b>4.03</b>
<b>Sweden 7.64% (7.55%)</b>		
233,750 Assa Abloy	4,266,980	3.88
108,995 Atlas Copco 'A'	4,140,612	3.76
	<b>8,407,592</b>	<b>7.64</b>
<b>Switzerland 8.07% (7.13%)</b>		
1,397 Givaudan	4,334,206	3.94

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Portfolio Statement

as at 31st December 2020 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>Switzerland (continued)</b>		
52,300 Nestlé ADR	4,543,677	4.13
	<b>8,877,883</b>	<b>8.07</b>
<b>Taiwan 4.16% (3.78%)</b>		
57,335 Taiwan Semiconductor Manufacturing ADR	4,574,449	4.16
<b>United Kingdom 4.22% (3.32%)</b>		
80,229 Renishaw	4,645,259	4.22
<b>United States 20.35% (36.70%)</b>		
39,915 Johnson & Johnson	4,565,599	4.15
26,385 Microsoft	4,285,436	3.90
42,740 PPG Industries	4,485,069	4.08
28,535 Visa 'A'	4,565,223	4.15
40,140 Zimmer Biomet	4,476,927	4.07
	<b>22,378,254</b>	<b>20.35</b>
<b>Net investments 97.29% (97.63%)</b>	<b>106,991,989</b>	<b>97.29</b>
Net other assets	2,978,239	2.71
<b>Total net assets</b>	<b>109,970,228</b>	<b>100.00</b>

Note: Comparative figures shown in brackets relate to 31st December 2019.

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

# TM Cerno Investment Funds

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## TM Cerno Global Leaders Fund

### Sub-fund Information

The Comparative Tables on pages 80 to 85 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the year-end published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

### Assessment of Value *(unaudited)*

A statement on the Assessment of Value will be available for all applicable funds managed by Thesis Unit Trust Management Limited. This report will be published at [www.tutman.co.uk](http://www.tutman.co.uk) within four months of the annual accounting reference date.

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Sub-fund Information *(continued)*

#### Comparative Tables

##### *Class A GBP Income*

	<i>31/12/2020</i> <i>(pence per share)</i>	<i>31/12/2019</i> <i>(pence per share)</i>	<i>31/12/2018</i> <sup>1</sup> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	1,186.63	946.95	1,011.00
Return before operating charges*	337.32	255.47	(56.83)
Operating charges	(11.21)	(9.52)	(5.38)
Return after operating charges*	326.11	245.95	(62.21)
Distributions on income shares	(4.43)	(6.27)	(1.84)
Closing net asset value per share	1,508.31	1,186.63	946.95
*After direct transaction costs of <sup>2</sup> :	0.58	0.36	(0.02)
<b>Performance</b>			
Return after charges	27.48%	25.97%	(6.15)%
<b>Other Information</b>			
Closing net asset value (£'000)	291	116	93
Closing number of shares	19,279	9,807	9,789
Operating charges <sup>3</sup>	0.85%	0.87%	0.90%
Direct transaction costs	0.04%	0.03%	0.00%
<b>Prices</b>			
Highest share price	1,520.00	1,212.00	1,089.00
Lowest share price	989.00	935.40	938.10

<sup>1</sup> The share class launched on 28th May 2018.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### Class A GBP Accumulation

	<i>31/12/2020</i> <i>(pence per share)</i>	<i>31/12/2019</i> <i>(pence per share)</i>	<i>31/12/2018</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	1,192.74	946.15	997.67
Return before operating charges*	339.66	256.27	(42.46)
Operating charges	(11.21)	(9.68)	(9.06)
Return after operating charges*	328.45	246.59	(51.52)
Distributions	(4.71)	(6.45)	(6.53)
Retained distributions on accumulation shares	4.71	6.45	6.53
Closing net asset value per share	1,521.19	1,192.74	946.15
*After direct transaction costs of <sup>1</sup> :	0.58	0.37	(0.02)
<b>Performance</b>			
Return after charges	27.54%	26.06%	(5.16)%
<b>Other Information</b>			
Closing net asset value (£'000)	40,415	11,586	3,883
Closing number of shares	2,656,783	971,417	410,429
Operating charges <sup>2</sup>	0.85%	0.87%	0.90%
Direct transaction costs	0.04%	0.03%	0.00%
<b>Prices</b>			
Highest share price	1,533.00	1,218.00	1,087.00
Lowest share price	994.30	934.50	916.20

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### Class B Income

	<i>31/12/2020</i> <i>(pence per share)</i>	<i>31/12/2019</i> <i>(pence per share)</i>	<i>31/12/2018</i> <sup>1</sup> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	1,191.11	950.07	991.70
Return before operating charges*	338.44	257.61	(39.59)
Operating charges	(9.81)	(8.70)	(0.84)
Return after operating charges*	328.63	248.91	(40.43)
Distributions on income shares	(5.56)	(7.87)	(1.20)
Closing net asset value per share	1,514.18	1,191.11	950.07
*After direct transaction costs of <sup>2</sup> :	0.57	0.38	(0.02)
<b>Performance</b>			
Return after charges	27.59%	26.20%	(4.08)%
<b>Other Information</b>			
Closing net asset value (£'000)	2,180	759	28
Closing number of shares	143,970	63,715	3,000
Operating charges <sup>3</sup>	0.75%	0.77%	0.80%
Direct transaction costs	0.04%	0.03%	0.00%
<b>Prices</b>			
Highest share price	1,526.00	1,218.00	1,036.00
Lowest share price	993.20	938.50	941.50

<sup>1</sup> The share class launched on 22nd November 2018.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### Class B Accumulation

	<i>31/12/2020</i> <i>(pence per share)</i>	<i>31/12/2019</i> <i>(pence per share)</i>	<i>31/12/2018</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	1,191.93	945.00	995.92
Return before operating charges*	339.06	255.34	(42.93)
Operating charges	(9.75)	(8.41)	(7.99)
Return after operating charges*	329.31	246.93	(50.92)
Distributions	(5.20)	(7.33)	(7.48)
Retained distributions on accumulation shares	5.20	7.33	7.48
Closing net asset value per share	1,521.24	1,191.93	945.00
*After direct transaction costs of <sup>1</sup> :	0.57	0.36	(0.02)
<b>Performance</b>			
Return after charges	27.63%	26.13%	(5.11)%
<b>Other Information</b>			
Closing net asset value (£'000)	12,296	8,907	7,857
Closing number of shares	808,295	747,273	831,419
Operating charges <sup>2</sup>	0.75%	0.77%	0.80%
Direct transaction costs	0.04%	0.03%	0.00%
<b>Prices</b>			
Highest share price	1,533.00	1,217.00	1,085.00
Lowest share price	993.70	933.40	914.80

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### Class D Income

	<i>31/12/2020<sup>1</sup></i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>	
Opening net asset value per share	1,288.00
Return before operating charges*	231.80
Operating charges	(6.32)
Return after operating charges*	225.48
Distributions on income shares	(1.52)
Closing net asset value per share	1,511.96
 *After direct transaction costs of <sup>2</sup> :	 0.61
<b>Performance</b>	
Return after charges	17.51%
<b>Other Information</b>	
Closing net asset value (£'000)	47
Closing number of shares	3,137
Operating charges <sup>3</sup>	0.85%
Direct transaction costs	0.04%
<b>Prices</b>	
Highest share price	1,524.00
Lowest share price	1,266.00

<sup>1</sup> There are no comparative figures shown as the share class launched on 19th June 2020.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund.

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Sub-fund Information *(continued)*

### Comparative Tables *(continued)*

#### Class M Accumulation

	<i>31/12/2020</i> <i>(pence per share)</i>	<i>31/12/2019</i> <i>(pence per share)</i>	<i>31/12/2018</i> <i>(pence per share)</i>
<b>Change in Net Asset Value per Share</b>			
Opening net asset value per share	1,207.22	951.81	997.78
Return before operating charges*	344.58	257.82	(43.49)
Operating charges	(2.62)	(2.41)	(2.48)
Return after operating charges*	341.96	255.41	(45.97)
Distributions	(12.50)	(13.53)	(12.92)
Retained distributions on accumulation shares	12.50	13.53	12.92
Closing net asset value per share	1,549.18	1,207.22	951.81
*After direct transaction costs of <sup>1</sup> :	0.57	0.37	(0.02)
<b>Performance</b>			
Return after charges	28.33%	26.83%	(4.61)%
<b>Other Information</b>			
Closing net asset value (£'000)	54,741	49,251	44,608
Closing number of shares	3,533,560	4,079,651	4,686,631
Operating charges <sup>2</sup>	0.20%	0.22%	0.25%
Direct transaction costs	0.04%	0.03%	0.00%
<b>Prices</b>			
Highest share price	1,561.00	1,233.00	1,092.00
Lowest share price	1,008.00	940.20	918.10

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transactions costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

# TM Cerno Investment Funds

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## TM Cerno Global Leaders Fund

### Sub-fund Information *(continued)*

#### Risk and Reward Indicator (“RRI”)

**Lower Risk**

Typically lower rewards

**Higher Risk**

Typically higher rewards



The RRI table demonstrates where a sub-fund ranks in terms of risk and reward. The higher the risk the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the risk profile of the sub-fund. The shaded area on the table above shows the sub-fund's ranking on the risk and reward indicator.

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Statement of Total Return

for the year ended 31st December 2020

	Notes	£'000	2020 £'000	£'000	2019 £'000
Income					
Net capital gains	5		20,949		14,470
Revenue	7	1,089		1,109	
Expenses	8	(360)		(228)	
Interest payable and similar charges		(1)		(3)	
Net revenue before taxation		728		878	
Taxation	9	(133)		(159)	
Net revenue after taxation for the year			595		719
<b>Total return before distributions</b>			<b>21,544</b>		<b>15,189</b>
Distributions	10		(595)		(719)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>20,949</b>		<b>14,470</b>

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

for the year ended 31st December 2020

	Note	£'000	2020 £'000	£'000	2019 £'000
<b>Opening net assets attributable to shareholders</b>			<b>70,619</b>		<b>56,469</b>
Amounts receivable on issue of shares		33,841		8,029	
Amounts payable on cancellation of shares		(16,012)		(9,060)	
			<b>17,829</b>		<b>(1,031)</b>
Change in net assets attributable to shareholders from investment activities			<b>20,949</b>		<b>14,470</b>
Retained distribution on accumulation shares	10		573		711
<b>Closing net assets attributable to shareholders</b>			<b>109,970</b>		<b>70,619</b>

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Balance Sheet

as at 31st December 2020

	Notes	2020 £'000	2019 £'000
<b>Assets</b>			
Fixed assets:			
Investments		106,992	68,948
Current assets:			
Debtors	11	1,704	271
Cash and bank balances		2,220	1,461
		<b>110,916</b>	70,680
<b>Total assets</b>			
 <b>Liabilities</b>			
Creditors:			
Bank overdrafts		–	(1)
Distribution payable	10	–	(1)
Other creditors	12	(946)	(59)
		<b>(946)</b>	(61)
<b>Total liabilities</b>			
		<b>109,970</b>	70,619
<b>Net assets attributable to shareholders</b>		<b>109,970</b>	70,619

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Notes to the Financial Statements

for the year ended 31st December 2020

#### 1. Accounting Policies

The accounting, distribution and risk management policies for notes 1 to 4 are provided on pages 20 to 23.

#### 5. Net Capital Gains

Net capital gains comprise:

	2020 £'000	2019 £'000
Non-derivative securities	20,706	14,555
Forward currency contracts	409	–
Currency losses	(164)	(83)
Transaction charges	(2)	(2)
Net capital gains	<u>20,949</u>	<u>14,470</u>

#### 6. Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs, please refer to the additional portfolio transaction cost information on page 79.

##### Analysis of direct transaction costs for the year ended 31st December 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	43,032	10	21	43,063	0.02	0.05
	<u>43,032</u>	<u>10</u>	<u>21</u>	<u>43,063</u>		
<b>Sales</b>						
Equities	25,328	(5)	–	25,323	0.02	–
	<u>25,328</u>	<u>(5)</u>	<u>–</u>	<u>25,323</u>		
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		<b>0.02%</b>	<b>0.02%</b>			

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 6. Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 31st December 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
Purchases						
Equities	18,307	6	9	18,322	0.03	0.05
	18,307	6	9	18,322		
Sales						
Equities	20,183	(7)	–	20,176	0.03	–
	20,183	(7)	–	20,176		
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		0.02%	0.01%			

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.07% (31st December 2019: 0.38%), based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 7. Revenue

	2020 £'000	2019 £'000
Bank interest	–	1
Franked UK dividends	–	117
Overseas dividends	1,089	991
	<b>1,089</b>	<b>1,109</b>

Revenue from funds managed by Investment Managers of £Nil (31 December 2019: £Nil).

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 8. Expenses

	2020 £'000	2019 £'000
<b>Payable to the ACD or associates of the ACD:</b>		
ACD's periodic charge	51	43
Investment Manager's fees	198	98
	249	141
 <b>Payable to the Depositary or associates of the Depositary:</b>		
Depositary's fee	26	21
Safe custody charges	17	14
	43	35
 <b>Other expenses:</b>		
Administration fees	40	46
Audit fees <sup>1</sup>	10	9
Advisory fees	–	1
Calastone fees	3	1
Euroclear fees	2	(10)
Legal fees	9	1
Printing fees	2	1
Registration fees	2	3
	68	52
<b>Total expenses</b>	<b>360</b>	<b>228</b>

<sup>1</sup> Total audit fees of £7,950 (31st December 2019: £7,350) exclusive of VAT.

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 9. Taxation

	2020 £'000	2019 £'000
<b>a) Analysis of charge for the year:</b>		
Corporation tax	–	–
Overseas withholding tax	133	159
<b>Total current tax</b>	<b>133</b>	<b>159</b>
Deferred tax charge	–	–
<b>Total taxation</b>	<b>133</b>	<b>159</b>
<b>b) Factors affecting taxation charge for the year:</b>		
Net revenue before taxation	728	878
Net revenue multiplied by the standard rate of corporation tax of 20% (2019: 20%)	146	175
Effects of:		
Excess management expenses not utilised	72	46
Franked UK dividends	–	(23)
Non-taxable overseas dividends	(218)	(198)
Overseas withholding tax	133	159
<b>Total tax charge (note 9a)</b>	<b>133</b>	<b>159</b>
<b>c) Deferred tax</b>		
Deferred tax charge (note 9a)	–	–
Provision at start of year	–	–
<b>Provision at end of year</b>	<b>–</b>	<b>–</b>

The sub-fund has not recognised a deferred tax asset of £168,054 (31st December 2019: £96,932) arising as a result of having unutilised management expenses. The unutilised management expenses will only be recovered to the extent that the sub-fund has sufficient future taxable revenue.

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 10. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

	2020 £'000	2019 £'000
Interim distribution	7	3
Interim accumulation	424	530
Final distribution	–	1
Final accumulation	149	181
	<u>580</u>	<u>715</u>
Add: Revenue deducted on shares cancelled	28	10
Deduct: Revenue received on shares created	(13)	(6)
<b>Net distribution for the year</b>	<u>595</u>	<u>719</u>

#### 11. Debtors

	2020 £'000	2019 £'000
Accrued revenue	51	50
Amount receivable for issue of shares	797	109
Overseas tax recoverable	140	112
Sales awaiting settlement	716	–
	<u>1,704</u>	<u>271</u>

#### 12. Other creditors

	2020 £'000	2019 £'000
Accrued expenses	65	50
Amount payable for cancellation of shares	7	9
Purchases awaiting settlement	874	–
	<u>946</u>	<u>59</u>

#### 13. Related Parties

Thesis Unit Trust Management Limited is regarded as a related party by virtue of having the ability to act in respect of the operations of the sub-fund in its capacity as the ACD.

Thesis Unit Trust Management Limited acts as principal on all the transactions of shares in the sub-fund. The aggregate monies received through creations and liquidations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Thesis Unit Trust Management Limited in respect of share transactions at the year end are disclosed within notes 11 and 12 as applicable.

Amounts paid to Thesis Unit Trust Management Limited in respect of the ACD's periodic charges and if any rebates received are disclosed in note 8. £5,534 (31st December 2019: £3,828) is the amount payable at the year end.

Thesis Unit Trust Management Limited did not enter into any other transactions with the sub-fund during the year.

At year end, the Fund did not hold any securities managed by the Investment Manager.

When investments are held in funds managed by an Investment Manager, a rebate is paid into the Fund. The rebates from underlying securities amounted to £Nil (31st December 2019: £Nil).

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 13. Related Parties (continued)

Revenue from funds managed by the Investment Managers are disclosed in note 7. £Nil (30th December 2019: £Nil) is the amount receivable from these funds at the year end.

#### 14. Equalisation

Equalisation is accrued income included in the price of shares purchased during the accounting year, which, after using monthly groupings to average, is refunded as part of a shareholder's first distribution, resulting in the same rate of distribution on all shares. As a capital repayment, it is not liable to income tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

#### 15. Contingent Assets, Liabilities and Outstanding Commitments

There are no contingent assets, liabilities and outstanding commitments as at 31st December 2020 (31st December 2019: £Nil).

#### 16. Share Classes

The sub-fund currently has six share classes: Class A GBP Income, Class A GBP Accumulation, Class B Income, Class B Accumulation, Class D Income and Class M Accumulation. The distribution per share is given in the distribution tables on pages 99 to 101. All shares have the same rights on winding up.

The ACD's periodic charge for the class of each share is as follows:

	ACD's periodic charge*	Investment Manager's fee
Class A GBP Income	0.06%	0.65%
Class A GBP Accumulation	0.06%	0.65%
Class B Income	0.06%	0.55%
Class B Accumulation	0.06%	0.55%
Class D Income	0.06%	0.65%
Class M Accumulation	0.06%	0.00%

\*ACD is charged on sliding scale as per latest Prospectus.

The following table shows the shares in issue during the year:

Share Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A GBP Income	9,807	12,853	(3,381)	–	19,279
Class A GBP Accumulation	971,417	2,128,438	(443,072)	–	2,656,783
Class B Income	63,715	96,605	(16,350)	–	143,970
Class B Accumulation	747,273	66,509	(5,487)	–	808,295
Class D Income <sup>1</sup>	–	3,137	–	–	3,137
Class M Accumulation	4,079,651	280,565	(826,656)	–	3,533,560

<sup>1</sup> The share class launched on 19th June 2020.

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 17. Financial Instruments

In pursuing its investment objective set out on pages 4 and 5, the sub-fund holds a number of financial instruments. These may comprise:

- equity shares, non-equity shares, shares in collective investment vehicles, fixed income securities and floating rate securities. These are held in accordance with the sub-fund's investment objective and policies;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- shareholders' funds which represent investors' monies which are invested on their behalf; and
- borrowings used to finance investment activity.

#### 18. Risks Disclosures

- *Market price risk* - risk management policies surrounding this risk are discussed in note 4 on pages 22 to 23.

At 31st December 2020, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £5,349,599 (31st December 2019: £3,447,393).

- *Foreign currency risk* - risk management policies surrounding this risk are discussed in note 4 on pages 22 to 23.

At the year end date, majority of the net assets of the sub-fund were denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by exchange rate movements. These net assets consist of the following:

#### Foreign currency exposure as at 31st December 2020:

Currency	Monetary	Non	Total
	Exposures	Monetary	
	2020	2020	2020
	£'000	£'000	£'000
Danish kroner	20	4,223	4,243
Euro	324	26,845	27,169
Japanese yen	12	8,960	8,972
Pound sterling	1,197	4,645	5,842
Swedish krona	17	8,408	8,425
Swiss franc	33	4,334	4,367
US dollar	1,375	49,577	50,952
	<b>2,978</b>	<b>106,992</b>	<b>109,970</b>

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 18. Risks Disclosures (continued)

Foreign currency exposure as at 31st December 2019:

Currency	Monetary	Non	Total
	Exposures	Monetary Exposures	
	2019	2019	2019
	£'000	£'000	£'000
Danish kroner	23	2,516	2,539
Euro	33	15,016	15,049
Japanese yen	10	5,058	5,068
Pound sterling	1,508	2,341	3,849
Swedish krona	–	5,329	5,329
Swiss franc	32	2,494	2,526
US dollar	65	36,194	36,259
	1,671	68,948	70,619

At 31st December 2020, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £1,041,276 (31st December 2019: £667,700).

- *Interest rate risk* - risk management policies surrounding this risk are discussed in note 4 on pages 22 to 23.

#### Interest rate risk profile of financial assets as at 31st December 2020:

Currency	Floating Rate	Fixed Rate	Financial Assets	Total
	Financial		Not Carrying	
	Assets	2020	Interest	2020
	2020	2020	2020	2020
	£'000	£'000	£'000	£'000
Danish kroner	–	–	4,223	4,223
Euro	–	–	26,845	26,845
Japanese yen	–	–	8,960	8,960
Pound sterling	2,220	–	4,645	6,865
Swedish krona	–	–	8,408	8,408
Swiss franc	–	–	4,334	4,334
US dollar	–	–	49,577	49,577
	2,220	–	106,992	109,212

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 18. Risks Disclosures (continued)

Interest rate risk profile of financial assets as at 31st December 2019:

Currency	Floating Rate	Fixed Rate	Financial Assets	Total
	Financial		Not Carrying	
	Assets		Interest	
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
Danish kroner	–	–	2,516	2,516
Euro	4	–	15,016	15,020
Japanese yen	10	–	5,058	5,068
Pound sterling	1,408	–	2,341	3,749
Swedish krona	–	–	5,329	5,329
Swiss franc	–	–	2,494	2,494
US dollar	39	–	36,194	36,233
	<u>1,461</u>	<u>–</u>	<u>68,948</u>	<u>70,409</u>

There are no financial liabilities as at 31st December 2020.

Interest rate risk profile of financial liabilities as at 31st December 2019:

Currency	Floating Rate	Financial	Total
	Financial	Liabilities Not	
	Liabilities	Carrying	
	2019	Interest	2019
	£'000	£'000	£'000
Euro	<u>(1)</u>	<u>–</u>	<u>(1)</u>
	<u>(1)</u>	<u>–</u>	<u>(1)</u>

Short term debtors and creditors are excluded in the interest rate risk tables above.

The sub-fund's net cash holdings of £2,220,402 (31st December 2019: £1,459,381) are held in floating rate deposit accounts, whose rates are determined by reference to LIBOR or an international equivalent borrowing rate.

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Notes to the Financial Statements

for the year ended 31st December 2020 (continued)

#### 18. Risks Disclosures (continued)

- *Fair value* - in the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Valuation technique as at 31st December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Equities	<b>106,992</b>	–	–	<b>106,992</b>

Valuation technique as at 31st December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Equities	<b>68,948</b>	–	–	<b>68,948</b>

Level 1: The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3: Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

#### 19. Leverage

There are two ways in which the ACD can introduce leverage to the sub-fund. These are by borrowing money using its overdraft facility, and by investing in derivative positions. Approved derivative transactions may be used for Efficient Portfolio Management. There are no collateral, asset re-use or guarantee arrangements involved in the ACD's current approach to leverage.

The maximum leverage calculated on the commitment method permitted is 100%. It is expected that the ACD will operate the Company well within these limits. The 'commitment' method is the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The ACD sets maximum leverage levels and operates the sub-fund within these levels at all times.

As at 31st December 2020, the total leverage in the sub-fund did not exceed 100% (gross 103.09%, commitment 98.42%). Given that exposure of the sub-fund is 98.42% of NAV this means that no leverage was employed.

#### 20. Post Balance Sheet Market Events

The latest NAV per Class M Accumulation of 1,690.36p as at the close of business on 23rd April 2021 had increased on average across the share classes by 9.11% compared to the NAV at the year end of 1,549.18p.

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Distribution Tables

for the year ended 31st December 2020

#### Interim Distribution Class A GBP Income (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	4.4348	–	4.4348	5.9401
2	1.1279	3.3069	4.4348	5.9401

#### Interim Accumulation Class A GBP Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Accumulation	Equalisation (note 14)	2020 Net Accumulation	2019 Net Accumulation
1	4.5531	–	4.5531	6.0017
2	3.6959	0.8572	4.5531	6.0017

#### Interim Distribution Class B Income (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	5.3141	–	5.3141	6.8819
2	4.3286	0.9855	5.3141	6.8819

#### Interim Accumulation Class B Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Accumulation	Equalisation (note 14)	2020 Net Accumulation	2019 Net Accumulation
1	5.0522	–	5.0522	6.4440
2	3.3824	1.6698	5.0522	6.4440

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Distribution Tables

for the year ended 31st December 2020 (continued)

#### Interim Distribution Class D Income (in pence per share)<sup>2</sup>

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	1.5169	–	1.5169	–
2	1.1231	0.3938	1.5169	–

#### Interim Accumulation Class M Accumulation (in pence per share)<sup>1</sup>

Group 1: Shares purchased prior to 1st January 2020

Group 2: Shares purchased from 1st January 2020 to 30th June 2020

Group	Net Accumulation	Equalisation (note 14)	2020 Net Accumulation	2019 Net Accumulation
1	8.4293	–	8.4293	9.3671
2	8.4293	–	8.4293	9.3671

#### Final Distribution Class A GBP Income (in pence per share)<sup>3</sup>

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Income	Equalisation (note 14)	2021 Net Distribution Payable	2020 Net Distribution Paid
1	–	–	–	0.3340
2	–	–	–	0.3340

#### Final Accumulation Class A GBP Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Accumulation	Equalisation (note 14)	2021 Net Accumulation	2020 Net Accumulation
1	0.1591	–	0.1591	0.4463
2	–	0.1591	0.1591	0.4463

# TM Cerno Investment Funds

## TM Cerno Global Leaders Fund

### Distribution Tables

for the year ended 31st December 2020 (continued)

#### Final Distribution Class B Income (in pence per share)

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Income	Equalisation (note 14)	2021 Net Distribution Payable	2020 Net Distribution Paid
1	0.2415	–	0.2415	0.9863
2	–	0.2415	0.2415	0.9863

#### Final Accumulation Class B Accumulation (in pence per share)

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Accumulation	Equalisation (note 14)	2021 Net Accumulation	2020 Net Accumulation
1	0.1496	–	0.1496	0.8889
2	–	0.1496	0.1496	0.8889

#### Final Distribution Class D Income (in pence per share)<sup>2,3</sup>

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Income	Equalisation (note 14)	2021 Net Distribution Payable	2020 Net Distribution Paid
1	–	–	–	–
2	–	–	–	–

#### Final Accumulation Class M Accumulation (in pence per share)<sup>1</sup>

Group 1: Shares purchased prior to 1st July 2020

Group 2: Shares purchased from 1st July 2020 to 31st December 2020

Group	Net Accumulation	Equalisation (note 14)	2021 Net Accumulation	2020 Net Accumulation
1	4.0725	–	4.0725	4.1654
2	4.0725	–	4.0725	4.1654

<sup>1</sup> There were no group 2 shares for this period.

<sup>2</sup> There are no comparative figures shown as share class launched on 19th June 2020.

<sup>3</sup> Expenses exceeded revenue during the period, as a result no distributions were allocated.



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