

TM New Court Fund

Annual Report & Accounts
for the year ended 31st December 2019



THEISIS UNIT TRUST MANAGEMENT LIMITED

Authorised and regulated by the Financial Conduct Authority

TM New Court Fund

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TM New Court Fund

Management and Professional Service Providers' Details

Manager:

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:

Rothschild & Co Wealth Management UK Limited
New Court
St. Swithin's Lane
London EC4N 8AL

*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 by the Prudential Regulation Authority and
regulated by the Financial Conduct Authority and the
Prudential Regulation Authority*

Trustee:

NatWest Trustee and Depositary Services Limited
Drummond House, Second Floor
1 Redheughs Avenue
Edinburgh EH12 9RH

*Authorised by the Prudential Regulation Authority and
regulated by the Financial Conduct Authority and the
Prudential Regulation Authority*

Auditor:

KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

Directors:

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 Director¹
C. J. Willson - Independent Non-Executive Director²
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 Manager.

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 Fund.

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 Manager.

¹ Appointed 12th November 2019

² Appointed 14th November 2019

TM New Court Fund

Report of the Manager

for the year ended 31st December 2019

Thesis Unit Trust Management Limited (the “Manager”) is pleased to present the Manager's annual report for the TM New Court Fund (the “Fund”) for the year ended 31st December 2019.

Investment Objective and Policy

The objective of the TM New Court Fund is to preserve and grow the real value of the fund over the longer term through a diversified approach.

The Fund may utilise a range of asset classes in order to achieve its objective. These may include equities, cash deposits, bonds, warrants, money market instruments, derivatives and forward transactions, funds (regulated and unregulated), transferable securities and may include exposure to currencies, commodities and property.

Approved derivatives transactions will be used for the purpose of meeting the investment objectives of the Fund.

Cash and near cash will be held to enable the pursuit of the investment objectives of the Fund or, as necessary to enable redemption of units, the efficient management of the Fund in accordance with its investment objective, and other ancillary purposes.

The investment policy of the Fund may mean that at times, where it is considered appropriate, the property of the Fund will not be fully invested and that prudent levels of liquidity will be maintained.

Performance Comparator

The Fund uses the UK Consumer Price Index (CPI) +3% for absolute performance comparison purposes and the Morgan Stanley Capital International (MSCI) All Country World in Sterling to compare against equity markets, Bloomberg Barclays Gifts Total Return Index to compare against fixed interest markets and Barclays Bench Overnight GBP Cash Index to compare against cash, the Fund will hold differing weightings in each of these asset classes, and the figures should be used for comparison only and the benchmark are not target benchmarks and the fund is not constrained by them, but they are appropriate for performance comparison purposes.

Thesis Unit Trust Management Limited
Manager
30th April 2020

TM New Court Fund

Report of the Investment Manager

for the year ended 31st December 2019

Investment Report

Performance (Total return on Class A 2011 Inc, gross distributions reinvested)

+15.1%

Investment Manager's Commentary

January 2019

Global equity markets staged a strong rebound in January and rose 7.2% (in local currency terms). Government bonds also rallied, +0.7%. Following the weakest December in over 80 years, the S&P 500 Index posted its strongest start to the year since 1987. This was amidst the backdrop of the longest US shutdown ever.

In an unprecedented blow to a sitting government, Theresa May's "meaningful vote" on Brexit was firmly rejected by UK parliament. The government survived a 'no confidence' vote, but its position remained precarious as the PM returned to Brussels to renegotiate the withdrawal agreement.

Following the decline in the UK equity market and particularly the share prices of UK domestic companies, we took the decision to add to the Phoenix UK fund during the month, where the manager sees very attractive forward returns from their portfolio.

February 2019

Global equity markets continued the strong start to 2019 in February, +3.1% (in local currency).

There were no notable additions or reductions in the portfolio over the course of the month.

March 2019

Equity markets continued to rally in March, despite a brief setback during the month brought about by weaker than expected global data and a temporary inversion of the 10y-3m US treasury curve, resurrecting fears of US recession. The US 10y yield fell back to a 15-month low and the 10y German bund turned negative for the first time since 2016. Meanwhile, geopolitical tensions – Brexit notwithstanding – seemed to recede, with the US and China reportedly closer to a trade resolution.

During the month we initiated a new position in Fox Corporation ('Fox'). Post the merger and spin off with Disney, Fox will be a content company more focused on 'live' programming of news and sports, consisting of two main business units:

i. Cable programming: 50% of revenue, 80% of EBITDA,

- The main channels are Fox News, Fox Business and Sports (FS1, FS2) and are made available to customers via the pay-TV distributors (e.g. Comcast, Charter, Dish TV).
- They generate 70% of their revenue from affiliate fees (the fees they charge the pay-TV distributors per subscriber) and 30% from advertising revenue.

ii. Broadcast: 50% of revenue, 20% of EBITDA,

- Fox is one of the main broadcasters alongside NBC, CBS and ABC i.e. equivalent of BBC, ITV, & Channel 4 in the UK.
- They generate 63% of their revenue from advertising.

Fox News is the largest profit generator, accounting for over 70% of EBITDA. Fox News has the largest audience and is the most popular cable channel – a position it has held for several years. It also has a dominant position covering news on the 'conservative' side of the political spectrum, akin to a monopoly. The combination of these attributes gives the business significant pricing power - the average affiliate fee has grown at 12% per annum for the last 10 years.

April 2019

Equity markets rallied further in April, +3.6% (in local currency), as leading US benchmarks reached record levels. Global growth stabilised as conditions in China, supported by fiscal easing, improved. In the US, data remained firm with Q1 GDP growing at 3.2% annualised whilst the Eurozone economy also grew more than expected in Q1.

During the month we sold our position in DMGT. Having gradually reduced the position, the recent corporate activity aimed at increasing the focus of its portfolio (the company announced it will return its stake in Euromoney and pay out £200m in cash to shareholders) gave us an ideal opportunity to fully exit.

TM New Court Fund

Report of the Investment Manager

for the year ended 31st December 2019 (continued)

Investment Report (continued)

May 2019

Global equity markets fell 5.8% and sovereign bonds rallied 1.6% (in local currency) in May. The year-to-date 'v shaped' recovery in equity markets was interrupted by renewed fears of a protracted trade war, a stronger dollar and weaker economic data. The US resumed its protectionist efforts, raising tariffs on \$200bn of Chinese goods from 10% to 25%, and threatened to apply an export restriction to Huawei and all Mexican imports. China responded with retaliatory tariffs on \$60bn of US goods and threatened to ban the sale of Apple products. The combination of heightened trade risks and weaker growth was reflected most visibly in money markets, which have now priced-in a 50% chance of two rate cuts by the year-end.

In the portfolio we marginally increased our position in Wells Fargo following further declines in the stock price, which in turn increased our estimates for forward returns.

June 2019

Global equity markets gained 5.7% in June with leading US equity benchmarks recording all-time highs. Hopes of a positive outcome on trade talks and dovish comments on monetary policy appeared to drive markets higher. The oil price also strengthened and gold rose to its highest level in over 5 years. In Europe, the yield on the 10y German bund hit a record low of 0.33% as the ECB set the stage for further stimulus.

During the month, we increased our position in Ryanair. In the short term, conditions remain challenging in the European airline market with overcapacity and rising cost pressures (including oil). However the company's leading position as the lowest cost, highest volume carrier mean that we continue to believe they are well positioned to take advantage of a consolidating market.

We also added to the S&P 500 Index Put protection at what we believe is a reasonable price.

July 2019

In July, both global equity markets and sovereign bonds performed strongly, returning 0.9% and 0.6%, respectively (in local currency). The prospect of easier monetary policy (as the Fed cut rates by 25bps to 2-2.25% and the ECB signalled easing ahead), persistently low inflation and considerable momentum has now seen a quarter of global investment grade bond yields turn negative. The 10y bund yield fell to a new low of -0.4%, while the entire the Swiss and Danish bond market is now in negative territory, and even some 'junk' bonds are now offering a negative nominal return if held to maturity.

While the US economy expanded at a respectable +2.1% (SAAR) in the second quarter – underpinned by healthy consumer spending – European growth slowed in the second quarter, to +0.8% (SAAR), driven by a weak manufacturing sector and a fragile external backdrop. In China, the economy continues to slow, albeit modestly (Q2: 6.2% yoy), and growth is at its slowest pace since the early nineties. However, the economy is now 13x larger (in real terms) at \$13.6tn (a sixth of global output).

August 2019

Global equities ended August down 2% while sovereign bonds rallied as yields fell to new lows. Volatility ebbed and flowed on fears over the worsening global trade dispute and slowing economic data in Europe and Asia. The 10yr-2yr segment of the US yield curve inverted for the first time since 2007 and Gold traded at a 6-year high (+7.5% in August). Markets continue to factor in three further interest rates cuts by the Fed this year. In Asia, China's renminbi suffered its biggest monthly fall in almost 25 years vs. USD, as President Trump labelled it a currency manipulator and announced 10% tariffs on \$300bn of Chinese imports starting from September. In Europe, Germany's central bank warned the country may tip into recession in Q3 as global trade tensions weigh on the manufacturing sector. The ECB meanwhile remains "ready and prepared" to resume asset purchases and decrease interest rates in September. The chances of a no-deal Brexit for the UK appeared to increase as the incoming PM, Boris Johnson, suspended Parliament for five weeks from 10th September.

During the month we increased our position in Ryanair. We continue to believe that this offers one of the most attractive forward returns in the portfolio despite the share price volatility.

September 2019

The first half of September saw a steepening of the US yield curve, whilst stocks and high yield credit rebounded. Oil prices experienced their biggest daily move in recent memory (Brent +14%) following the drone attack on Saudi oil supply but finished the month almost flat. Safe haven currencies (JPY, CHF and USD) fell back and sterling strengthened despite ongoing political uncertainty. Gold meanwhile declined 3.2%.

TM New Court Fund

Report of the Investment Manager

for the year ended 31st December 2019 (continued)

Investment Report *(continued)*

In Europe, a technical recession in Q3 seems ever more likely for Germany, with PMI data falling to 41.4 – the lowest reading in nearly 7 years. The ECB voted to restart its quantitative easing programme at €20bn per month whilst also introducing a tiering for negative deposit rates to reduce the costs for banks. Meanwhile, Eurozone bond yields rose at the end of month as Draghi – who is to retire as ECB President later this month – stressed the need for fiscal policy to support long-term growth in the Eurozone.

During the month, we purchased a new put option on the S&P 500 Index to replace one of the existing puts that is due to expire. The absolute level of implied volatility in out of the money S&P puts has increased somewhat since the lows last year but remains below historical averages.

October 2019

October was a positive month for global equities, ending up 2.0% (in local currency). The S&P 500 Index reached all-time highs as Q3 earnings exceeded expectations to date, and signs of progress on U.S.-China trade supported equities. Global growth, however, continued to slow, led by China where it touched a 27-year low.

In line with expectations, the U.S. Fed cut interest rates by 25bps for a third time this year – to a 1.50%-1.75% range – as it stated that monetary policy is now in a “a good place”. In the UK, sterling strengthened in a volatile month with prospects of no-deal Brexit fading as the EU agreed a third extension. Meanwhile, gold and oil strengthened 2.8% and 1.7% in the month.

During the month, we increased our position in Fox Corp. Given our greater confidence in the business model and its long-term financials, the recent weakness in the share price presented an opportunity to increase our position size. We also reduced the position in Ryanair following strong performance after we had added to the holding earlier in the year.

November 2019

‘Risk on’ prevailed in November as global equities continued to advance and global government bonds were weaker.

Optimism over a ‘phase one’ US-China trade deal and improving economic growth pushed the S&P 500 Index to new highs, as volatility remained subdued. Corporate activity appeared buoyant with KKR’s pending buyout of Boots Alliance Walgreens, potentially the largest LBO ever. Movements across fixed income were fairly muted, with some modest tightening of credit spreads, while oil advanced in the month (Brent +4%) ahead of OPEC discussions next week on production cuts. USD and GBP held firm, with EUR, JPY and CHF softening, together with gold (-3.2%).

During the month, we purchased two new put warrants on the S&P 500 Index and EuroStoxx 50. The absolute level of implied volatility in out of the money S&P and EuroStoxx puts has increased somewhat since the lows last year but remains below historical averages. After the strong run in equity markets this year, we wanted to maintain protection in the portfolio.

December 2019

The global equity rally continued in December and in contrast to 2018, most asset classes outpaced inflation over the year. In commodities, gold prices posted a solid month ending the year some +18% whilst oil touched a three-month high in December, reflecting a decline in inventories and easing trade tensions.

In the US, a proposed US-China ‘Phase One’ trade deal lifted equity benchmarks to new highs in the weeks preceding Christmas. The Fed, which had cut rates three times in 2019, left its policy unchanged (1.50-1.75%). A strong US jobs report showed labour market resilience as the economy added 266k jobs in November, well ahead of expectations. Unemployment meanwhile fell to 3.5%, a 50-year low. Retail sales, however, grew by less than expected (0.2% MoM) as consumers cut back on discretionary spending.

PM Johnson secured the UK Conservative party’s biggest majority in over 30 years in the first UK December election since 1974. The BoE meanwhile held rates steady at its December meeting. In the Eurozone, manufacturing contracted for the 11th month, while services PMI held ahead of expectations, easing fears of contagion from the manufacturing sector. The ECB left rates unchanged at a record low (-0.50) while the Swedish Riksbank became the first European CB to move interest rates out of negative territory, raising interest rates by 0.25% to zero.

TM New Court Fund

Report of the Investment Manager

for the year ended 31st December 2019 (continued)

Investment Report (continued)

Chinese retail sales accelerated by more than expected in November, growing 8% YoY, helped by China's Singles' Day. Showing signs of improvement in the domestic economy, China's latest Industrial Production data saw its fastest YoY growth in five months, whilst December manufacturing surveys (PMIs) remained buoyant. In Japan, the BoJ maintained interest rates after Prime Minister Abe launched a \$121bn stimulus package - one of the largest since the GFC, aimed at muting the impact of a weak global economy and a long-delayed consumption tax hike from 8% to 10%.

During the month, we added Ashtead to the portfolio following extensive research into the equipment rental industry in North America. Ashtead is one of two large players in the industry and its scale advantage allows it to buy equipment at lower prices, as well as benefit from a large density of branches.

Performance Contributions

The Fund returned -10.3% in the first quarter and has now returned +49.5% (after fees) since inception (vs. +47.0% for UK inflation +3% since inception of 24th October 2011). This equates to an annualised return of +4.8% compared to +4.7% for inflation +3%.

Following a strong start to the year, markets fell sharply in February as the COVID-19 pandemic spread globally. The sell-off was rapid and far-reaching, and our portfolio was no different with large declines across most equity names and in particular banking stocks Lloyds (-48.8% for the quarter) and Wells Fargo (-45.4%). In many cases, the share price performance was in stark contrast to the underlying business economics and some names – most notably our cable stocks – in Charter, Comcast and Cable One – actually stand to benefit as the need for high-speed internet increases.

Despite this decline, we have been encouraged by the performance of our diversifying assets during this period. We are accustomed to writing off these positions as a source of detractor, such has been the upwards trajectory of equity markets in recent years. However, these have always been a vital component of our portfolio as we focus on our mandate to grow our clients' wealth over the long-term and protect its value during the types of major corrections that we are seeing today.

Most notable among our diversifiers has been the portfolio protection – our metaphorical house insurance – namely the put warrants. These positions – which stand to benefit both as markets fall and become more volatile – have appreciated significantly. The put warrants collectively began the year as very small portions of the portfolio (less than 0.5%) and have since increased over tenfold. We may choose to monetise these positions in the event of further gains, and have done so for some of the closer-to-maturity put warrants, but we will always seek to balance these gains with ensuring protection in the event of further market weakness.

Portfolio Activity

We took advantage of the recent stock market setback to top up some of our equity holdings. At the start of March, we added to our holdings in Mastercard, Ashtead, Fox and Comcast; as prices fell to attractive levels, our forward return expectations shifted higher. Similarly, we topped up our positions in Lloyds and Wells Fargo, where share prices – consistent with the broader banking sector – had come under considerable pressure. While there are still concerns around the risks of a COVID-19-inspired slowdown, in our view these have been excessively discounted and both banks continue to generate very attractive underlying returns. With the shares trading at a significant discount to their book value, we took the opportunity to add to our holdings.

We are monitoring all companies in the portfolio (as well as prospective additions) and have scrutinised and stress-tested their balance sheets. We are comfortable that none of the companies in our portfolio face any immediate funding problems, however we will continue to monitor each of these as events unfold.

Data sources: Rothschild & Co and Bloomberg

Rothschild Wealth Management (UK) Limited
Investment Manager
23rd April 2020

TM New Court Fund

Portfolio Statement

as at 31st December 2019

Holdings	Market value £	Percentage of total net assets %
EQUITIES 48.24% (39.24%)		
Ireland 4.03% (5.43%)		
614,017 Ryanair	7,625,068	3.24
151,072 Ryanair (Irish Exchange)	1,876,062	0.79
	9,501,130	4.03
United Kingdom 11.10% (7.52%)		
357,621 Admiral Group	8,271,774	3.51
144,004 Ashtead Group	3,469,056	1.47
41,949 Linde	6,716,476	2.85
12,297,179 Lloyds Banking Group	7,684,507	3.27
	26,141,813	11.10
United States 33.11% (26.29%)		
91,161 American Express	8,578,478	3.64
58,160 Berkshire Hathaway 'B'	9,943,426	4.22
3,661 Cable One	4,140,513	1.76
9,150 Charter Communications	3,346,341	1.42
169,639 Comcast 'A'	5,803,608	2.47
47,751 Deere	6,296,306	2.67
226,277 Fox	6,351,995	2.70
16,384 Liberty Broadband	1,550,830	0.66
20,353 Mastercard 'A'	4,587,398	1.95
43,438 Middleby	3,594,676	1.53
45,082 Moody's	8,111,278	3.44
37,153 S&P Global	7,648,865	3.25
197,286 Wells Fargo	8,005,548	3.40
	77,959,262	33.11
TOTAL EQUITIES 113,602,205 48.24		
DEBT SECURITIES 24.26% (30.05%)		
Government Bonds 12.30% (19.23%)		
United Kingdom 12.30% (19.23%)		
GBP 5,000,000 UK Treasury Bill 0% 13/01/2020	4,998,690	2.12
GBP 5,000,000 UK Treasury Bill 0% 20/01/2020	4,997,990	2.12
GBP 5,000,000 UK Treasury Bill 0% 10/02/2020	4,995,880	2.12
GBP 5,000,000 UK Treasury Bill 0% 17/02/2020	4,995,175	2.12
GBP 5,000,000 UK Treasury Bill 0% 18/05/2020	4,985,730	2.12
GBP 4,000,000 UK Treasury Bill 0% 15/06/2020	3,986,312	1.70
	28,959,777	12.30
Total Government Bonds 28,959,777 12.30		
Government Sponsored Agency Bonds 11.96% (10.82%)		
Canada 0.75% (0.96%)		
GBP 1,773,000 Export Development Canada 0.837% 13/10/2022	1,771,684	0.75

TM New Court Fund

Portfolio Statement

as at 31st December 2019 (continued)

Holdings	Market value £	Percentage of total net assets %
Government Sponsored Agency Bonds (continued)		
Germany 2.94% (3.81%)		
GBP 6,870,000 KfWA 1.375% 01/02/2021	6,914,765	2.94
Japan 1.21% (0.00%)		
GBP 2,800,000 Japan Bank for International Cooperation 2.625% 15/12/2020	2,841,737	1.21
Netherlands 1.74% (1.07%)		
GBP 4,094,000 Bank Nederlandse Gemeenten 1.125% 24/05/2021	4,110,662	1.74
Supranational 5.32% (4.98%)		
GBP 4,790,000 European Investment Bank 0.86% 18/02/2022	4,792,347	2.03
GBP 4,730,000 European Investment Bank 2.25% 07/03/2020	4,742,440	2.01
GBP 3,010,000 International Bank for Reconstruction & Development 0.856% 22/05/2023	3,002,740	1.28
	12,537,527	5.32
Total Government Sponsored Agency Bonds	28,176,375	11.96
TOTAL DEBT SECURITIES	57,136,152	24.26
COLLECTIVE INVESTMENT SCHEMES 25.23% (26.57%)		
Bermuda 1.34% (2.90%)		
26,729 ACL Alternative SAC 'A' Acc	3,146,967	1.34
Ireland 20.32% (19.31%)		
89,688 InRIS QIAIF - Bares US Equity 'F' Acc	9,645,642	4.09
108,585 InRIS QIAIF - R Allard Growth Acc	11,107,550	4.72
57,174 InRIS QIAIF - R Phoenix UK 'F' Acc	7,776,859	3.30
26,640 InRIS QIAIF - R Phoenix UK 'S' Acc	3,388,469	1.44
71,930 InRIS UCITS - R CFM Trends 'WD' GBP Hedged Inc	7,771,343	3.30
46,838 InRIS UCITS - R Intrinsic Value Europe 'F' Acc	8,168,625	3.47
	47,858,488	20.32
United Kingdom 3.57% (4.36%)		
68,952 TM Lansdowne Developed Markets Long Only SRI 'B' Sterling Units Hedged	8,398,321	3.57
TOTAL COLLECTIVE INVESTMENT SCHEMES	59,403,776	25.23
FINANCIAL DERIVATIVE INSTRUMENTS 0.67% (0.73%)		
Warrants 0.32% (1.19%)		
Luxembourg 0.28% (0.67%)		
4,810 Citigroup Global Markets EURO STOXX 50 3000 Index 20/03/2020	43,079	0.02
3,775 Citigroup Global Markets EURO STOXX 50 3100 Index 18/12/2020	289,682	0.12
3,717 Citigroup Global Markets S&P 500 2800 Index 18/12/2020	245,577	0.10
9,046 Citigroup Global Markets S&P 500 Index 19/06/2020	84,235	0.04
	662,573	0.28

TM New Court Fund

Portfolio Statement

as at 31st December 2019 (continued)

Holdings	Market value £	Percentage of total net assets %
Netherlands 0.04% (0.52%)		
4,646 JP Morgan Structured Products S&P 500 Index 18/09/2020	85,646	0.04
Forward Currency Contracts 0.35% (-0.46%)		
EUR (15,134,000) Sold EUR, Bought GBP 13,142,380 for settlement on 05/05/2020	222,055	0.09
USD (48,196,000) Sold USD, Bought GBP 36,991,668 for settlement on 24/04/2020	616,194	0.26
	838,249	0.35
TOTAL FINANCIAL DERIVATIVE INSTRUMENTS	1,586,468	0.67
Net investments 98.40% (96.59%)	231,728,601	98.40
Net other assets	3,765,113	1.60
Total net assets	235,493,714	100.00

Note: Comparative figures shown in brackets relate to 31st December 2018.

TM New Court Fund

Fund Information

The Comparative Tables on pages 15 to 23 give the performance of each active unit class in the Fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per unit divided by the opening net asset value per unit. It differs from the Fund's performance disclosed in the Manager'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 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 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 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)

In September 2019, the Financial Conduct Authority (FCA) introduced new rules that require the Board of the Authorised Fund Manager (AFM) to perform an annual Assessment of Value for each share class within the fund and to report its findings to investors.

These new rules followed the Asset Management Market Study conducted by the FCA to assess ways of giving better protection to those investors who are less able to find better value products, improving competition and strengthening the duty of the AFM to act in the best interest of investors.

The Assessment of Value places a responsibility on the AFM to determine whether the fees and charges of the fund are justified in the context of the overall service and value provided to investors.

Independent AFM model – terminology

The AFM has the regulatory responsibility for all aspects of the fund operations including the actions of its delegates. Its role requires a focus on good investor outcomes, investor protection, oversight, compliance and general regulatory matters.

The Investment Manager is appointed by the AFM and has the full discretion to manage the assets of the portfolio in accordance with the fund's objective and investment policy. The Investment Manager is the entity which delivers out- or under-performance on behalf of investors. It is the entity which in turn receives the greatest share of the Annual Management Charge.

When both functions are performed by the same organisation the firm can be described as 'vertically integrated'. When the functions are performed by separate organisations the fund can be described as having an Independent AFM. This fund sits in the latter category.

The fund sponsor invites the independent AFM to design and operate the fund. The sponsor contributes to the design and marketing of the fund, having identified the potential for its success.

Background to our firm – Independent AFM

Thesis Unit Trust Management Limited is a specialist provider of independent AFM services. We bring a level of independence which is important and valued by our investors and sponsors. Our approach to delivering good outcomes for investors in our funds, from the initial design phase and throughout the fund life cycle, is based upon having the right blend of experience, culture and governance.

We choose to work with a variety of service providers (fund accountants, depositaries, transfer agents and auditors) and provide independent, bespoke and flexible solutions. By outsourcing day-to-day activity to specialist providers our teams can focus on investor outcomes, risk management, oversight, product governance and regulatory change.

We delegate fund servicing to a panel of global, reputable institutions. Consequently, we have an informed view of this part of the supply chain. We benchmark those fund servicers against a range of criteria including service and cost. We build close relationships with our delegates at all levels within our respective organisations allowing for effective escalation when appropriate and always with the best interests of investors in mind. We are also able to change a service provider with relative ease as and when required to improve quality of service, reduce cost or for other strategic or operational reasons.

TM New Court Fund

Fund Information *(continued)*

Assessment of Value (unaudited) *(continued)*

We delegate investment management to a wide range of firms who utilise different strategies and investment techniques. As such we have a broad and informed view of the investment management marketplace and independently benchmark across a range of criteria including service, performance and costs. Coming from a fund management background we have qualified investment managers and research analysts within our AFM business who have the experience to monitor fund performance and challenge third party investment managers on behalf of investors in the funds.

Following the introduction of the new rules, we appointed two independent non-executive directors with a particular remit to oversee and challenge the Assessment of Value process we conduct.

When performing our Assessment of Value, we have reviewed and assessed the different entities involved.

Independent AFM - service and costs

In assessing the quality and cost of our independent AFM service we have concluded that we have delivered a service that meets the requirements of investors in the funds, and the fund sponsor, and which has delivered value.

Examples of the criteria that we considered included the quality of the relationship with our fund sponsor, the operation and compliance of the fund (including the number of errors and investor complaints), the results from the depositary's inspection and audit of our AFM arrangements, and other factors such as the implementation of regulatory change at no cost to investors.

We judge whether our AFM fee is competitive and can be justified based on feedback from independent consultants, our clients who select us and when existing funds move to us from our competitors. Our fees are tiered thereby providing a mechanism for reducing costs for investors as the fund value increases.

Service provider service and costs

Having separately assessed the quality and cost of the outsourced fund service providers we have concluded that services have met the requirements expected and delivered value to investors.

Examples of the criteria that we considered included Key Performance Indicators in the key areas including pricing, delivery of statements, delivery of report and accounts, and investor complaints.

We have assessed that the service providers' fees are competitive and provide value to investors by benchmarking against the other service providers on our panel. The majority of fees are tiered thereby providing a mechanism for reducing costs to investors as the fund value increases.

It is our judgement that the experience of investors in the fund and an assessment of whether the fund has delivered value is most directly impacted by the services, performance and costs that are attributable to the Investment Manager. Further details of our value assessment, with a particular focus on the Investment Manager, are shown below:

Value consideration	What we considered	Analysis and actions taken	Offers Value
Quality of service	The range and quality of service delivered by the Investment Manager including the experience of the team, track record, quality of relationship with our AFM team, and the results from our governance and oversight arrangements	<p>We monitor the investment manager on a daily basis, and maintain frequent contact with them on a range of aspects of their work including adherence with the investment mandate and policy, liquidity management, and fair value pricing as well as regulatory compliance. We have more formal contact quarterly and further periodic reviews on a thematic basis.</p> <p>We are satisfied that the Investment Manager continues to meet our requirements and provides a good quality of service.</p>	Yes

TM New Court Fund

Fund Information *(continued)*

Assessment of Value (unaudited) *(continued)*

Value consideration	What we considered	Analysis and actions taken	Offers Value
Performance	Whether the fund has provided good performance, net of fees, in relation to its investment objective. We have considered performance against the fund's benchmark and/or appropriate peer group, compliance with investment policy, volatility and liquidity, and any evidence of closet tracking	The fund has outperformed its benchmark over 1, 3 and 5 year periods. The fund is being actively managed in accordance with the investment objective and policy.	Yes
Costs	Whether the charges are reasonable compared with the costs of providing the service (considering factors such as the size of the Investment Manager, its balance sheet strength and profit margins).	At a fund size of £235million we are satisfied that the costs charged to the fund are reasonable given its size and a holistic assessment of the benefits that accrue to its investors.	Yes
Economies of Scale	Is the fund or the Investment Manager of a size or scale where economies of scale should be passed on to investors	In view of the fund's size, we do not believe that there are economies of scale available yet to be passed back to the fund.	N/A
Comparable market rates	Whether the charges are comparable with similar funds in this sector of the market	As an independent AFM we operate multiple funds. We appoint different service providers and a wide range of Investment Managers and can readily benchmark fees. It is our assessment that the OCF of the fund is higher than the OCF of other similar funds in the market. In our opinion the higher OCF reflects the level of service and access to the IM provided to investors which is above market standards.	Yes
Comparable services	How the charges compare to other comparable funds that the Investment Manager manages	Whilst we do not have visibility of the rates that the Investment Manager charges for providing comparable services outside of our fund range, we have assessed that the OCF of the fund is comparable to other similar funds that we operate given the personalised level of service given by the Investment Manager to investors.	Yes

TM New Court Fund

Fund Information *(continued)*

Assessment of Value (unaudited) *(continued)*

Value consideration	What we considered	Analysis and actions taken	Offers Value
Classes of shares	Whether investors are invested in a share class with higher charges than another class which is available. We have also considered different fees which apply to retail and institutional investors where institutional investors are subject to a significantly higher minimum investment	The OCF of the retail class is 66 per cent higher than the institutional class. This differential is considered reasonable and justifiable given the operational workload, risks and associated costs of supporting retail investors.	Yes

Following our assessment, the board of Thesis Unit Trust Management Limited has concluded that the fund offers value to investors in each share class.

TM New Court Fund

Fund Information *(continued)*

Comparative Tables

A 2011 Inc

	31/12/2019 <i>(pence per unit)</i>	31/12/2018 ¹ <i>(pence per unit)</i>	31/10/2017 <i>(pence per unit)</i>
Change in Net Asset Value per Unit			
Opening net asset value per unit	1,433.05	1,480.24	1,367.24
Return before operating charges*	236.28	(22.23)	139.44
Operating charges	(20.46)	(24.16)	(20.52)
Return after operating charges*	215.82	(47.19)	118.92
Distributions on income units	(2.35)	–	(5.92)
Closing net asset value per unit	1,646.52	1,433.05	1,480.24
*After direct transaction costs of:	0.45	0.90	1.08
Performance			
Return after charges	15.06%	(3.19)%	8.70%
Other Information			
Closing net asset value (£'000)	89,411	109,786	119,610
Closing number of units	5,430,288	7,660,987	8,080,443
Operating charges ²	1.31%	1.43%	1.42%
Direct transaction costs	0.03%	0.06%	0.08%
Prices			
Highest unit price	1,657.00	1,546.00	1,490.00
Lowest unit price	1,426.00	1,427.00	1,350.00

¹ The financial year end of the Fund was changed from 31st October to 31st December.

² Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a 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 New Court Fund

Fund Information *(continued)*

Comparative Tables *(continued)*

A 2014 Acc

	<i>31/12/2019</i> <i>(pence per unit)</i>	<i>31/12/2018¹</i> <i>(pence per unit)</i>	<i>31/10/2017</i> <i>(pence per unit)</i>
Change in Net Asset Value per Unit			
Opening net asset value per unit	1,442.65	1,489.90	1,370.47
Return before operating charges*	238.67	(22.12)	140.05
Operating charges	(20.74)	(25.13)	(20.62)
Return after operating charges*	217.93	(47.25)	119.43
Distributions	(2.37)	–	(6.85)
Retained distributions on accumulation units	2.37	–	6.85
Closing net asset value per unit	1,660.58	1,442.65	1,489.90
*After direct transaction costs of:	0.46	0.91	1.09
Performance			
Return after charges	15.11%	(3.17)%	8.71%
Other Information			
Closing net asset value (£'000)	115,045	62,644	43,361
Closing number of units	6,928,035	4,342,323	2,910,311
Operating charges ²	1.31%	1.43%	1.42%
Direct transaction costs	0.03%	0.06%	0.08%
Prices			
Highest unit price	1,670.00	1,556.00	1,494.00
Lowest unit price	1,436.00	1,437.00	1,353.00

¹ The financial year end of the Fund was changed from 31st October to 31st December.

² Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a 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 New Court Fund

Fund Information *(continued)*

Comparative Tables *(continued)*

F Inc

	<i>31/12/2019</i> <i>(pence per unit)</i>	<i>31/12/2018¹</i> <i>(pence per unit)</i>	<i>31/10/2017</i> <i>(pence per unit)</i>
Change in Net Asset Value per Unit			
Opening net asset value per unit	1,451.56	1,496.25	1,381.79
Return before operating charges*	240.11	(22.83)	141.32
Operating charges	(12.89)	(16.45)	(13.49)
Return after operating charges*	227.22	(39.28)	127.83
Distributions on income units	(10.23)	(5.41)	(13.37)
Closing net asset value per unit	1,668.55	1,451.56	1,496.25
*After direct transaction costs of:	0.46	0.92	1.10
Performance			
Return after charges	15.65%	(2.63)%	9.25%
Other Information			
Closing net asset value (£'000)	4,322	3,568	5,892
Closing number of units	259,039	245,810	393,786
Operating charges ²	0.81%	0.93%	0.92%
Direct transaction costs	0.03%	0.06%	0.08%
Prices			
Highest unit price	1,683.00	1,566.00	1,509.00
Lowest unit price	1,445.00	1,449.00	1,365.00

¹ The financial year end of the Fund was changed from 31st October to 31st December

² Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a 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 New Court Fund

Fund Information *(continued)*

Comparative Tables *(continued)*

F Acc

	31/12/2019 <i>(pence per unit)</i>	31/12/2018 ¹ <i>(pence per unit)</i>	31/10/2017 <i>(pence per unit)</i>
Change in Net Asset Value per Unit			
Opening net asset value per unit	1,471.59	1,510.63	1,382.59
Return before operating charges*	243.89	(22.41)	141.59
Operating charges	(13.11)	(16.63)	(13.55)
Return after operating charges*	230.78	(39.04)	128.04
Distributions	(10.39)	(5.97)	128.04
Retained distributions on accumulation units	10.39	5.97	(13.41)
Closing net asset value per unit	1,702.37	1,471.59	1,510.63
*After direct transaction costs of:	0.47	0.93	1.11
Performance			
Return after charges	15.68%	(2.58)%	9.26%
Other Information			
Closing net asset value (£'000)	11,044	7,929	2,898
Closing number of units	648,733	538,794	191,851
Operating charges ²	0.81%	0.93%	0.92%
Direct transaction costs	0.03%	0.06%	0.08%
Prices			
Highest unit price	1,712.00	1,584.00	1,512.00
Lowest unit price	1,465.00	1,466.00	1,365.00

¹ The financial year end of the Fund was changed from 31st October to 31st December

² Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a 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 New Court Fund

Fund Information *(continued)*

Comparative Tables *(continued)*

E Acc

	<i>31/12/2019¹</i> <i>(pence per unit)</i>
Change in Net Asset Value per Unit	
Opening net asset value per unit	1,612.12
Return before operating charges*	59.54
Operating charges	(7.00)
Return after operating charges*	52.54
Distributions	(3.74)
Retained distributions on accumulation units	3.74
Closing net asset value per unit	1,664.66
*After direct transaction costs of :	0.47
Performance	
Return after charges	3.26%
Other Information	
Closing net asset value (£'000)	115
Closing number of units	6,886
Operating charges ²	0.91%
Direct transaction costs	0.03%
Prices	
Highest unit price	1,674.00
Lowest unit price	1,572.00

¹ There are no comparative figures shown as E Acc Units launched on 10th July 2019.

² Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a 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 New Court Fund

Fund Information *(continued)*

Comparative Tables *(continued)*

B Inc

	<i>31/12/2019¹</i> <i>(pence per unit)</i>
Change in Net Asset Value per Unit	
Opening net asset value per unit	1,589.28
Return before operating charges*	64.78
Operating charges	(5.20)
Return after operating charges*	59.58
Distributions on income units	–
Closing net asset value per unit	1,648.86
*After direct transaction costs of :	0.47
Performance	
Return after charges	3.75%
Other Information	
Closing net asset value (£'000)	10,510
Closing number of units	637,390
Operating charges ²	1.21%
Direct transaction costs	0.03%
Prices	
Highest unit price	1,659.00
Lowest unit price	1,569.00

¹ There are no comparative figures shown as the B Inc Units launched on 19th September 2019.

² Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a 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 New Court Fund

Fund Information *(continued)*

Comparative Tables *(continued)*

B Acc

	<i>31/12/2019¹</i> <i>(pence per unit)</i>
Change in Net Asset Value per Unit	
Opening net asset value per unit	1,601.31
Return before operating charges*	65.28
Operating charges	(5.24)
Return after operating charges*	60.03
Distributions	–
Retained distributions on accumulation units	–
Closing net asset value per unit	1,661.34
 *After direct transaction costs of :	 0.47
Performance	
Return after charges	3.75%
Other Information	
Closing net asset value (£'000)	2,174
Closing number of units	130,847
Operating charges ²	1.21%
Direct transaction costs	0.03%
Prices	
Highest unit price	1,671.00
Lowest unit price	1,629.00

¹ There are no comparative figures shown as the B Acc Units launched on 19th September 2019.

² Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a 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 New Court Fund

Fund Information *(continued)*

Comparative Tables *(continued)*

C Inc

	<i>31/12/2019¹</i> <i>(pence per unit)</i>
Change in Net Asset Value per Unit	
Opening net asset value per unit	1,574.85
Return before operating charges*	80.86
Operating charges	(6.75)
Return after operating charges*	74.11
Distributions on income units	–
Closing net asset value per unit	1,648.96
*After direct transaction costs of :	0.46
Performance	
Return after charges	4.71%
Other Information	
Closing net asset value (£'000)	2,318
Closing number of units	140,585
Operating charges ²	1.11%
Direct transaction costs	0.03%
Prices	
Highest unit price	1,659.00
Lowest unit price	1,558.00

¹ There are no comparative figures shown as the C Inc Units launched on 7th August 2019.

² Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a 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 New Court Fund

Fund Information *(continued)*

Comparative Tables *(continued)*

C Acc

	<i>31/12/2019¹</i> <i>(pence per unit)</i>
Change in Net Asset Value per Unit	
Opening net asset value per unit	1,590.64
Return before operating charges*	78.85
Operating charges	(6.88)
Return after operating charges*	71.97
Distributions	–
Retained distributions on accumulation units	–
Closing net asset value per unit	1,662.61
 *After direct transaction costs of :	 0.47
Performance	
Return after charges	4.52%
Other Information	
Closing net asset value (£'000)	555
Closing number of units	33,373
Operating charges ²	1.11%
Direct transaction costs	0.03%
Prices	
Highest unit price	1,672.00
Lowest unit price	1,571.00

¹ There are no comparative figures shown as the C Acc Units launched on 7th August 2019.

² Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a 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 New Court Fund

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 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 Fund. The shaded area on the table above shows the Fund's ranking on the risk and reward indicator.

TM New Court Fund

Constitution

TM New Court Fund is a unit trust scheme authorised on 21st October 2011 and established on 24th October 2011. It is a Non-UCITS retail scheme authorised under section 237 (3) of the Financial Services and Markets Act 2000. Unitholders are not liable for the debts of the Fund.

The base currency of the Fund is Pounds Sterling.

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

TM New Court Fund

AIFMD Disclosures

The provisions of the Alternative Investment Fund Managers Directive (“AIFMD”) took effect in full on 22nd July 2014. That legislation requires the Thesis Unit Trust Management Limited (the “AIFM”), 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 Fund nor impair compliance with the AIFM’s duty to act in the best interests of the Fund.

The AIFM 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 AIFM 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 Fund.

Within the group, all staff are employed by the parent company with none employed directly by the Alternative Investment Fund Manager. A number of staff are considered, however, to devote the whole of their time to the business of the AIFM and its subsidiary, TUTMAN LLP, which also acts as an AIFM. 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 AIFM and its subsidiary, including those whose time is allocated between group entities, for the financial year ending 30th April 2019, is analysed below:

Fixed Remuneration	£ 1,028,464
Variable Remuneration	170,332
Total	1,198,796
Headcount (FTE)	14

The staff members included in the above analysis support the entirety of the funds managed by the AIFM. A breakdown of these figures in relation to each fund managed by the AIFM 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 by Directors

In accordance with the requirements of the Collective Investment Schemes sourcebook (“COLL sourcebook”) and the Investment Funds sourcebook (“FUND”), we hereby certify this Annual Report on behalf of the Manager, Thesis Unit Trust Management Limited.

D.W. TYERMAN Director

S. E. NOONE Director

30th April 2020

TM New Court Fund

Responsibilities of the Manager

The Collective Investment Schemes sourcebook (“COLL Rules”) and the Investment Funds sourcebook (“FUND”) published by the FCA requires the Manager to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Fund and of the net revenue and net capital gains/losses on the property of the Fund for the year.

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

- selecting suitable accounting policies and then apply 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 Fund’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 Fund 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 Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus, FUND and the COLL Rules.

Thesis Unit Trust Management Limited
Manager
West Sussex
30th April 2020

TM New Court Fund

Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of TM New Court Fund (the "Scheme") for the Year Ended 31st December 2019

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Investment Funds Sourcebook, the Financial Services and Markets Act 2000, as amended, (together the "Regulations"), the Trust Deed and Prospectus (together the "Scheme documents") as detailed below.

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

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

The Trustee must ensure that:

- the Scheme's cash flows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units in the Scheme is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Scheme's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager (the "AIFM") are carried out (unless they conflict with the Regulations).

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

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

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

NatWest Trustee and Depositary Services Limited
Edinburgh
30th April 2020

TM New Court Fund

Independent Auditor's Report to the Unitholders of the TM New Court Fund

Opinion

We have audited the financial statements of the TM New Court Fund (the "Fund") for the year ended 31st December 2019 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables, for the Fund and the accounting policies set out on pages 31 to 50.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of the Fund as at 31st December 2019 and of the net revenue and the net capital gains on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to UK Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Fund or to cease their operations, and as they have concluded that the Fund's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Manager's conclusions, we considered the inherent risks to the Fund's business model and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Fund will continue in operation.

Other information

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion, the information given in the Manager's Report for the is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

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

TM New Court Fund

Independent Auditor's Report to the Unitholders of the TM New Court Fund *(continued)*

Manager's responsibilities

As explained more fully in the statement set out on page 27, the Manager is responsible for: the preparation of the financial statements that give a true and fair view; 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; assessing the 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 they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook (the "COLL Rules") issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Jatin Patel

for and on behalf of KPMG LLP,

Statutory Auditor

Chartered Accountants

15 Canada Square

London E14 5GL

30th April 2020

TM New Court Fund

Statement of Total Return

for the period from 1st November 2017 to 31st December 2019

		01.01.2019 to 31.12.2019	01.11.2017 to 31.12.2018*
		£'000	£'000
Income			
Net capital gains/(losses)	5	29,056	(5,550)
Revenue	7	2,819	2,154
Expenses	8	(2,314)	(2,336)
Interest payable and similar charges		<u>(3)</u>	<u>(1)</u>
Net revenue/(expense) before taxation		502	(183)
Taxation	9	<u>(105)</u>	<u>(124)</u>
Net revenue/(expense) after taxation for the year		<u>397</u>	<u>(307)</u>
Total return before distributions		29,453	(5,857)
Distributions	10	<u>(386)</u>	<u>(41)</u>
Change in net assets attributable to unitholders from investment activities		<u>29,067</u>	<u>(5,898)</u>

Statement of Change in Net Assets Attributable to Unitholders

for the period from 31st December 2019

	Note	2019 £'000	2018* £'000
Opening net assets attributable to unitholders		183,927	171,761
Amounts receivable on issue of units		35,385	62,483
Amounts receivable on in-specie transactions		5,999	–
Amounts payable on cancellation of units		<u>(19,079)</u>	<u>(44,450)</u>
		22,305	18,033
Change in net assets attributable to unitholders from investment activities		29,067	(5,898)
Retained distribution on accumulation units	10	<u>195</u>	31
Closing net assets attributable to unitholders		<u>235,494</u>	<u>183,927</u>

* The financial year end of the Fund was changed from 31st October to 31st December.

TM New Court Fund

Balance Sheet

as at 31st December 2019

	Notes	2019 £'000	2018 £'000
Assets			
Fixed assets:			
Investments		231,729	178,528
Current assets:			
Debtors	11	284	623
Cash and cash equivalents		3,789	6,806
Total assets		235,802	185,957
Liabilities			
Investment liabilities			
		–	(869)
Creditors:			
Bank overdrafts		(3)	(420)
Distribution payable	10	(38)	(7)
Other creditors	12	(267)	(734)
Total liabilities		(308)	(2,030)
Net assets attributable to unitholders		235,494	183,927

* The financial year end of the Fund was changed from 31st October to 31st December.

TM New Court Fund

Notes to the Financial Statements

for the year ended 31st December 2019

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 Fund operates (the "functional currency"). The financial statements are presented in Pounds Sterling, which is the Fund's functional and presentation currency rounded to the nearest £'000.

c) Valuation of Investments

Quoted investments are valued at bid-market value as at 12 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 Manager'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.

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 instruments' initial carrying amount and disposal amount.

Collective investment schemes operated by the Manager 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.

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 Sterling at the rates of exchange ruling as at 0 on the last working day of the accounting year.

e) Revenue

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

Distributions from collective investment schemes are included in the property when the security is quoted ex-dividend. Management fee rebate from underlying collective investment schemes is accounted for on an accruals basis. Management fee rebate, where applicable, are included in the revenue/capital account according to whether they are of a revenue/capital nature 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.

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 recognized as dividend revenue of the Fund. 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.

TM New Court Fund

Notes to the Financial Statements

for the year ended 31st December 2019 (continued)

2. Summary of Significant Accounting Policies (continued)

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

Where expenses are transferred to capital for distribution purposes this will increase the amount of revenue for distribution, this will however erode capital and may constrain capital growth.

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 units. 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 Fund.

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 Fund can be exposed to market risk by virtue of its investment into equities and other financial instruments. The Fund may also from time to time utilise derivatives 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 Fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

A proportion of the Fund'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 Fund's investment holdings will fluctuate as a result of changes in interest rates.

TM New Court Fund

Notes to the Financial Statements

for the year ended 31st December 2019 (continued)

4. Risk Management Policies (continued)

The Fund invests in fixed rate securities. The revenue of the Fund 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 interest 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 Fund 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 Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will in general have the opposite effect.

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

Liquidity risk

Liquidity risk is the risk that the Fund is unable to meet its obligations as they fall due. The main liability of the Fund is the redemption of any units 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 Fund. To the extent that a counterparty defaults on its obligation and the Fund 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 Fund'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 2019 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 (issuer concentration) Risk, 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 Fund 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 Fund is "non-sophisticated".

Objectives, policies and processes for managing risks

The risks identified above are subject to management and monitoring through the Manager'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 Fund in a manner which complies with COLL, FUND and the SORP

The Manager 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 Manager Board. Results of the Funds Oversight Programme are made available to the Trustee as part of their audit programme on the Manager 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.

TM New Court Fund

Notes to the Financial Statements

for the year ended 31st December 2019 (continued)

4. Risk Management Policies (continued)

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 Fund. Cash positions are monitored and reported to ensure the Fund has sufficient capacity to meet obligations arising from investment in financial derivative positions.

Procedures are in place to review the Fund'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 Fund is also monitored through a daily check which assesses the Fund'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 Fund's makeup or units traded in the Fund. 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.

Credit risk

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

5. Net Capital Gains/(Losses)

Net capital gains/(losses) comprise:

	01/01/2019 to 31/12/2019 £'000	01/11/2017 to 31/12/2018 £'000
Non-derivative securities ¹	29,009	(4,879)
Derivative securities	(1,115)	–
Forward currency contracts	817	(816)
Currency gains	349	149
Transaction charges	(4)	(4)
Net capital gains/(losses)	<u>29,056</u>	<u>(5,550)</u>

¹ Includes realised losses of £75,552 and unrealised gains of £29,084,732 (31st December 2018: realised gains of £1,433,729 and unrealised losses of £6,312,427). The realised gains/losses on investments in the accounting period include amounts previously recognised as unrealised gains/losses in the prior accounting period.

TM New Court Fund

Notes to the Financial Statements

for the year ended 31st December 2019 (continued)

5. Net Capital Gains/(Losses) (continued)

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 11.

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						
Bonds	80,406	–	–	80,406	–	–
Collective Investment Schemes	11,429	–	1	11,430	–	0.01
Equities	22,027	8	50	22,085	0.04	0.23
	113,862	8	51	113,921		
Sales						
Bonds	78,542	–	–	78,542	–	–
Collective Investment Schemes	9,849	–	(1)	9,848	–	0.01
Equities	3,034	(1)	–	3,033	0.03	–
	91,425	(1)	(1)	91,423		
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		0.00%	0.02%			

Analysis of direct transaction costs for the year end 31st December 2018:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
Purchases						
Bonds	118,332	–	–	118,332	–	–
Collective Investment Schemes	6,671	–	33	6,704	–	0.49
Equities	26,588	12	32	26,632	0.05	0.12
	151,591	12	65	151,668		
Sales						
Bonds	105,088	–	–	105,088	–	–
Collective Investment Schemes	986	–	–	986	–	–
Equities	29,158	(16)	–	29,142	0.05	–
	135,232	(16)	–	135,216		
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		0.02%	0.04%			

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.06% (31st December 2018: 0.06%), 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.

TM New Court Fund

Notes to the Financial Statements

for the year ended 31st December 2019 (continued)

7. Revenue

	01/01/2019 to 31/12/2019 £'000	01/11/2017 to 31/12/2018 £'000
Bank interest	5	2
Franked CIS revenue	138	97
Franked UK dividends	1,172	853
Interest on debt securities	498	319
Offshore CIS dividend revenue	185	12
Offshore CIS interest revenue	10	–
Overseas dividends	811	871
	2,819	2,154
	2,819	2,154

8. Expenses

	01/01/2019 to 31/12/2019 £'000	01/11/2017 to 31/12/2018 £'000
Payable to the Manager or associates of the Manager:		
Manager's service charge	2,093	2,101
	2,093	2,101
Payable to the Trustee or associates of the Trustee:		
Trustee's fee	59	65
Safe custody charges	34	35
	93	100
Other expenses:		
Administration fees	95	100
Audit fees	7	9
Advisory fees	1	–
Calastone fees	–	1
FT Listing fees	5	6
Legal fees	3	2
Printing fees	1	2
Registration fees	16	15
	128	135
Total expenses	2,314	2,336

TM New Court Fund

Notes to the Financial Statements

for the year ended 31st December 2019 (continued)

9. Taxation

	01/01/2019 to 31/12/2019 £'000	01/11/2017 to 31/12/2018 £'000
a) Analysis of charge for the year:		
Irrecoverable income tax	–	–
Overseas withholding tax	105	124
Total current tax	105	124
Deferred tax charge	–	–
Total taxation	105	124
b) Factors affecting taxation charge for the year:		
Net revenue/(expense) before tax	502	(183)
Net revenue/(expense) multiplied by the standard rate of corporation tax of 20% (2018: 20%)	100	(37)
Effects of:		
Excess management expenses not utilised	361	453
Excess non-trade loan relationship unutilised	–	(50)
Franked CIS revenue	–	(19)
Franked UK dividends	(299)	(171)
Non-taxable overseas dividends	(162)	(182)
Offshore dividend CIS revenue	–	(2)
Overseas withholding tax	105	124
Tax due to timing differences	–	8
Total tax charge (note 9a)	105	124
c) Deferred tax		
Deferred tax charge (note 9a)	–	–
Provision at start of year	–	–
Provision at end of year	–	–

The Fund has not recognised a deferred tax asset of £3,874,434 (31st December 2018: £3,513,609) arising as a result of having unutilised management expenses. The unutilised management expenses will only be recovered to the extent that the Fund has sufficient future taxable revenue.

TM New Court Fund

Notes to the Financial Statements

for the year ended 31st December 2019 (continued)

10. Distributions

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

	01/01/2019 to 31/12/2019 £'000	01/11/2017 to 31/12/2018 £'000
Interim distribution	157	6
Interim accumulation	131	14
Final distribution	38	7
Final accumulation	64	17
	390	44
Add: Revenue deducted on units cancelled	9	–
Deduct: Revenue received on units created	(13)	(3)
Net distribution for the year	386	41

Reconciliation between net revenue and distribution

	31/12/2019 £'000	31/10/2017 to 31/12/2018 £'000
Net revenue/(expense) after taxation	397	(307)
Deficit transferred to capital	14	348
Equalisation uplift on unit conversions	(25)	–
	386	41

11. Debtors

	31/12/2019 £'000	31/12/2018 £'000
Accrued revenue	240	175
Amount receivable for issue of units	–	291
Overseas tax recoverable	42	155
Prepaid expenses	2	2
	284	623

12. Other creditors

	31/12/2019 £'000	31/12/2018 £'000
Accrued expenses	234	198
Amount payable for cancellation of units	33	56
Currency deals awaiting settlement	–	2
Purchases awaiting settlement	–	478
	267	734

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 Fund in its capacity as the Manager.

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

TM New Court Fund

Notes to the Financial Statements

for the year ended 31st December 2019 (continued)

13. Related Parties (continued)

Amounts paid to Thesis Unit Trust Management Limited in respect of the Manager's periodic charges and if any rebates received are disclosed in note 8. £190,582 (31st December 2018: £152,644) is the amounts payable at the year end.

Thesis Unit Trust Management Limited did not enter into any other transactions with the 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 2018: £Nil).

14. Equalisation

Equalisation is accrued income included in the price of units purchased during the accounting year, which, after using monthly groupings to average, is refunded as part of a unitholder's first distribution, resulting in the same rate of distribution on all units. As a capital repayment, it is not liable to income tax but must be deducted from the cost of units 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 2019 (31st December 2018: £Nil).

16. Unit Classes

The Fund currently has nine classes of units: Class A 2011 Inc, A 2014 Acc, B Inc, B Acc, C Inc, C Acc, E Acc, F Inc, and F Acc. The distribution per unit class is given in the distribution tables on pages 47 to 50. All units have the same rights on winding up.

The Manager's service charge for the class of each unit is as follows:

	Manager's periodic charge
Class A	1.00%
Class B ¹	0.90%
Class C ²	0.80%
Class E ³	0.60%
Class F	0.50%

¹ Class B unit class was launched on 19th September 2019.

² Class C unit class was launched on 7th August 2019.

³ Class E Acc unit class was launched on 10th July 2019.

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

Class	Opening Units	Units Created	Units Liquidated	Units Converted	Closing Units
A 2011 Inc	7,660,987	1,299,487	(917,858)	(2,612,328)	5,430,288
A 2014 Acc	4,342,323	1,196,761	(288,219)	1,677,170	6,928,035
B Inc	–	766	(3,035)	639,659	637,390
B Acc	–	842	–	130,005	130,847
C Inc	–	–	–	140,585	140,585
C Acc	–	27,257	–	6,116	33,373
E Acc	–	1,881	–	5,005	6,886
F Inc	245,810	35,315	(15,429)	(6,657)	259,039
F Acc	538,794	110,272	(6,898)	6,565	648,733

17. Financial Instruments

In pursuing its investment objective set out on page 3, the 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 Fund investment objective and policies;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;

TM New Court Fund

Notes to the Financial Statements

for the year ended 31st December 2019 (continued)

17. Financial Instruments (continued)

- unitholders' 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 Fund's investment activities (and related financing).

18. Risks Disclosures

- *Market price risk* - risk management policies surrounding this risk are discussed in note 4 on pages 34 to 36.

At 31st December 2019, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £11,544,518 (31st December 2018: £8,925,694).

- *Foreign currency risk* - risk management policies surrounding this risk are discussed in note 4 on pages 34 to 36.

At the year end date, a portion of the net assets of the 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 2019:

Currency	Forward Contracts 2019 £'000	Monetary Exposures 2019 £'000	Non Monetary Exposures 2019 £'000	Total 2019 £'000
Euro	(12,920)	(2)	9,791	(3,131)
Pound sterling	50,134	60,862	58,076	169,072
Swiss franc	–	42	–	42
US dollar	(36,376)	–	105,887	69,511
	838	60,902	173,754	235,494

Foreign currency exposure as at 31st December 2018:

Currency	Forward Contracts 2018 £'000	Monetary Exposures 2018 £'000	Non Monetary Exposures 2018 £'000	Total 2018 £'000
Euro	(9,042)	113	8,138	(791)
Pound sterling	34,616	61,144	48,158	143,918
Swiss franc	–	43	–	43
US dollar	(26,429)	234	66,952	40,757
	(855)	61,534	123,248	183,927

At 31st December 2019, 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 unitholders would increase or decrease by approximately £664,222 (31st December 2018: £400,096).

TM New Court Fund

Notes to the Financial Statements

for the year ended 31st December 2019 (continued)

18. Risks Disclosures (continued)

- *Interest rate risk* - risk management policies surrounding this risk are discussed in note 4 on pages 34 to 36.

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

Currency	Floating Rate		Financial Assets		Total
	Financial		Not Carrying		
	Assets	Fixed Rate	Interest		
	2019	2019	2019	2019	2019
	£'000	£'000	£'000	£'000	£'000
Euro	–	–	9,791		9,791
Pound sterling	13,356	47,570	58,914		119,840
US dollar	–	–	105,887		105,887
	13,356	47,570	174,592		235,518

Interest rate risk profile of financial assets as at 31st December 2018:

Currency	Floating Rate		Financial Assets		Total
	Financial		Not Carrying		
	Assets	Fixed Rate	Interest		
	2018	2018	2018	2018	2018
	£'000	£'000	£'000	£'000	£'000
Euro	–	–	8,153		8,153
Pound sterling	6,792	55,266	48,158		110,216
US dollar	13	–	66,952		66,965
	6,805	55,266	123,263		185,334

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

Currency	Floating Rate		Financial		Total
	Financial		Liabilities Not		
	Liabilities	Liabilities	Carrying	Interest	
	2019	2019	2019	2019	2019
	£'000	£'000	£'000	£'000	£'000
Euro		(3)		–	(3)
		(3)		–	(3)

TM New Court Fund

Notes to the Financial Statements

for the year ended 31st December 2019 (continued)

18. Risks Disclosures (continued)

Interest rate risk profile of financial liabilities as at 31st December 2018:

	Floating Rate Financial Liabilities 2018 £'000	Financial Liabilities Not Carrying Interest 2018 £'000	Total 2018 £'000
Currency			
Euro	–	(67)	(67)
Pound sterling	(420)	–	(420)
US dollar	–	(802)	(802)
	(420)	869	(1,289)

Please note that short term debtors and creditors are excluded in the interest rate risk tables above. Please note also that forward currency contracts are quoted net and are included in the not carrying interest category.

The Fund's net cash holdings of £3,786,506 (31st December 2018: £6,385,623) are held in floating rate deposit accounts, whose rates are determined by reference to LIBOR or an international equivalent borrowing rate.

Fixed rate financial assets as at 31st December 2019:

Currency	Weighted Average Interest Rate 2019	Weighted Average Period for which Interest Rate is Fixed 2019
Sterling	0.76%	0.47 years

Fixed rate financial assets as at 31st December 2018:

Currency	Weighted Average Interest Rate 2018	Weighted Average Period for which Interest Rate is Fixed 2018
Sterling	0.79%	0.74 years

- *Credit risk* – risk management policies surrounding this risk are discussed note 4 on pages 34 to 36.

The portfolio at the year end has been analysed into the credit ratings as shown below:

Credit Risk	31/12/2019 £'000	31/12/2018 £'000
Investment grade debt securities	57,136	55,266
Below investment grade debt securities	–	–
Unrated debt securities	–	–
Other investments	174,593	123,262
	231,729	178,528

TM New Court Fund

Notes to the Financial Statements

for the year ended 31st December 2019 (continued)

18. Risks Disclosures (continued)

- *Counterparty exposure to risk* – The types of derivatives held at the balance sheet date were warrants and forward foreign exchange contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

Counterparty Name¹	2019	2018
	£'000	£'000
Warrants		
BNP Paribas	–	241
Citigroup Global Markets	663	1,231
JPMorgan	86	718
Forward Currency Contracts		
Northern Trust	–	14
Rothschild Bank AG	838	–
Total	1,587	2,204

¹ Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Fund's exposure to that counterparty.

- *Derivative risk* – The Manager has entered into warrants and forward currency positions during the year for the purpose of hedging and foreign currency exposure arising from investments in underlying funds.
- *Fair value* - in the opinion of the Manager, 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 2019	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Assets				
Equities	113,602	–	–	113,602
Warrants	–	749	–	749
Debt Securities	4,774	52,362	–	57,136
Collective Investment Schemes	30,252	29,152	–	59,404
Forward Currency Contracts	–	838	–	838
	148,628	83,101	–	231,729

TM New Court Fund

Notes to the Financial Statements

for the year ended 31st December 2019 (continued)

18. Risks Disclosures (continued)

Valuation technique as at 31st December 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equities	72,178	–	–	72,178
Warrants	–	2,191	–	2,191
Debt Securities	11,500	43,766	–	55,266
Collective Investment Schemes	15,746	33,133	–	48,879
Forward Currency Contracts	–	14	–	14
	<u>99,424</u>	<u>79,104</u>	<u>–</u>	<u>178,528</u>
Liabilities				
Forward Currency Contracts	–	(869)	–	(869)

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

In accordance with the AIFMD we are required to disclose the 'leverage' of the Fund. Leverage is defined as any method by which the Fund increases its exposure through borrowing or the use of derivatives. 'Exposure' is defined in two ways 'gross method' and 'commitment method' and the Fund must not exceed maximum exposures under both methods.

The 'commitment' method shall be 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 'gross' method shall be the sum of the absolute value of all positions and each derivative position will be converted into the equivalent position in the underlying assets. The 'gross' method shall exclude the value of any cash and cash equivalents from the sum of the absolute value of all positions. The Manager must set maximum leverage levels and operate the Fund within these levels at all times.

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

The maximum gross leverage permitted in the Fund is 300%. The maximum commitment leverage permitted is 200%. It is expected that the Manager will operate the Fund well within these limits.

As at year end 31st December 2019, the total leverage in the Fund, using the commitment approach, did not exceed 100% (gross 107.11%, commitment 89.37%). Given that the exposure of the Fund is 89.37% of NAV, this means that no leverage was employed by the Fund.

20. Post Balance Sheet Market Events

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a global health emergency on the 30th January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The Manager 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.

The Fund considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Subsequent to the year end, the Fund's NAV has suffered as a result of a decline in global stock markets and the latest NAV per Class F Accumulation of 1,566.95p as at the close of business on 28th April 2020 had declined on average across the share classes by 7.95% compared to the NAV at the year end of 1,702.37p.

TM New Court Fund

Distribution Tables

for the year ended 31st December 2019

Interim Distribution A 2011 Inc (in pence per unit)

Group 1: Units purchased prior to 1st January 2019

Group 2: Units purchased from 1st January 2019 to 30th June 2019

Group	Net Income	Equalisation (Note 14)	2019 Net Distribution Paid	2018 Net Distribution Paid
1	1.8716	–	1.8716	–
2	1.7856	0.0860	1.8716	–

Interim Accumulation A 2014 Acc (in pence per unit)

Group 1: Units purchased prior to 1st January 2019

Group 2: Units purchased from 1st January 2019 to 30th June 2019

Group	Net Accumulation	Equalisation (Note 14)	2019 Net Accumulation	2018 Net Accumulation
1	1.8886	–	1.8886	–
2	1.8008	0.0878	1.8886	–

Interim Accumulation E Acc (in pence per unit)**

Group 1: Units purchased prior to 1st January 2019

Group 2: Units purchased from 1st January 2019 to 30th June 2019

Group	Net Accumulation	Equalisation (Note 14)	2019 Net Accumulation	2018 Net Accumulation
1	–	–	–	–
2	–	–	–	–

Interim Distribution F Inc (in pence per unit)

Group 1: Units purchased prior to 1st January 2019

Group 2: Units purchased from 1st January 2019 to 30th June 2019

Group	Net Income	Equalisation (Note 14)	2019 Net Distribution Paid	2018* Net Distribution Paid
1	5.6641	–	5.6641	2.4095
2	2.7098	2.9543	5.6641	2.4095

TM New Court Fund

Distribution Tables

for the year ended 31st December 2019 (continued)

Interim Accumulation F Acc (in pence per unit)

Group 1: Units purchased prior to 1st January 2019

Group 2: Units purchased from 1st January 2019 to 30th June 2019

Group	Net Accumulation	Equalisation (Note 14)	2019 Net Accumulation	2018* Net Accumulation
1	5.7446	–	5.7446	2.9317
2	3.3542	2.3904	5.7446	2.9317

TM New Court Fund

Distribution Tables

for the year ended 31st December 2019 (continued)

Final Distribution A 2011 Inc (in pence per unit)

Group 1: Units purchased prior to 1st July 2019

Group 2: Units purchased from 1st July 2019 to 31st December 2019

Group	Net Income	Equalisation (Note 14)	2020 Net Distribution Payable	2019 Net Distribution Paid
1	0.4814	–	0.4814	–
2	0.0435	0.4379	0.4814	–

Final Accumulation A 2014 Acc (in pence per unit)

Group 1: Units purchased prior to 1st July 2019

Group 2: Units purchased from 1st July 2019 to 31st December 2019

Group	Net Accumulation	Equalisation (Note 14)	2020 Net Accumulation	2019 Net Accumulation
1	0.4861	–	0.4861	–
2	–	0.4861	0.4861	–

Final Distributions B Inc (in pence per unit) *,**

Group 1: Units purchased prior to 1st July 2019

Group 2: Units purchased from 1st July 2019 to 31st December 2019

Group	Net Accumulation	Equalisation (Note 14)	2020 Net Distribution Payable	2019 Net Distribution Paid
1	–	–	–	–
2	–	–	–	–

Final Distributions B Acc (in pence per unit) *,**

Group 1: Units purchased prior to 1st July 2019

Group 2: Units purchased from 1st July 2019 to 31st December 2019

Group	Net Accumulation	Equalisation (Note 14)	2020 Net Accumulation	2019 Net Accumulation
1	–	–	–	–
2	–	–	–	–

Final Distributions C Inc (in pence per unit) *,**

Group 1: Units purchased prior to 1st July 2019

Group 2: Units purchased from 1st July 2019 to 31st December 2019

Group	Net Accumulation	Equalisation (Note 14)	2020 Net Distribution	2019 Net Distribution
1	–	–	–	–
2	–	–	–	–

TM New Court Fund

Distribution Tables

for the year ended 31st December 2019 (continued)

Final Distributions C Acc (in pence per unit) *,**

Group 1: Units purchased prior to 1st July 2019

Group 2: Units purchased from 1st July 2019 to 31st December 2019

Group	Net Accumulation	Equalisation (Note 14)	2020 Net Accumulation	2019 Net Accumulation
1	–	–	–	–
2	–	–	–	–

Final Accumulation E Acc (in pence per unit) *

Group 1: Units purchased prior to 1st July 2019

Group 2: Units purchased from 1st July 2019 to 31st December 2019

Group	Net Accumulation	Equalisation (Note 14)	2020 Net Accumulation	2019 Net Accumulation
1	3.7380	–	3.7380	–
2	2.8929	0.8451	3.7380	–

Final Distribution F Inc (in pence per unit)

Group 1: Units purchased prior to 1st July 2019

Group 2: Units purchased from 1st July 2019 to 31st December 2019

Group	Net Income	Equalisation (Note 14)	2020 Net Distribution Payable	2019 Net Distribution Paid
1	4.5654	–	4.5654	2.9957
2	1.2132	3.3522	4.5654	2.9957

Final Accumulation F Acc (in pence per unit)

Group 1: Units purchased prior to 1st July 2019

Group 2: Units purchased from 1st July 2019 to 31st December 2019

Group	Net Accumulation	Equalisation (Note 14)	2020 Net Accumulation	2019 Net Accumulation
1	4.6457	–	4.6457	3.0426
2	–	4.6457	4.6457	3.0426

* Expenses exceeded revenue during the period, as a result no distributions were allocated.

** There were no group 2 units for this period.



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