

# TM Stonehage Fleming Global Equities Fund II

Annual Report & Accounts  
for the year ended 2nd April 2021



**THEISIS UNIT TRUST MANAGEMENT LIMITED**

Authorised and regulated by the Financial Conduct Authority

# TM Stonehage Fleming Global Equities Fund II

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\*These collectively comprise the Manager's Report.

# TM Stonehage Fleming Global Equities Fund II

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## 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:

Stonehage Fleming Investment Management Limited  
15 Suffolk Street  
London SW1Y 4HG

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the Financial Conduct Authority*

### Dealing & Registration:

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

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

### Trustee:

Northern Trust Global Services SE UK Branch  
50 Bank Street  
Canary Wharf,  
London E14 5NT

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

### Independent Auditors:

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

### Directors of the Manager:

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

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

# TM Stonehage Fleming Global Equities Fund II

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## Report of the Manager

*for the year ended 2nd April 2021*

Thesis Unit Trust Management Limited (the “Manager”) is pleased to present the Manager's Annual Report & Accounts for TM Stonehage Fleming Global Equities Fund II (the “Fund”) for the year ended 2nd April 2021.

### Investment Objective and Policy

The objective of the Fund is to achieve capital growth and an element of income. The Fund will generally only invest in units in other regulated collective investment schemes. The Fund's assets will be invested predominantly in UK and international regulated equity funds. There may be some use of derivatives for Efficient Portfolio Management (“EPM”). In seeking to meet the investment objective, a portion of the Fund's property may be invested in units or shares of collective investment schemes managed or operated by the Investment Manager or an associate of the Investment Manager.

### Performance Comparator

The Fund uses a composite benchmark of Morgan Stanley Capital International (MSCI) gross dividend indices - UK 45%, US 22%, Europe Ex UK 16%, Far East 10%, Emerging markets 7%, for performance comparison purposes only and the benchmark is not a target benchmark and the Fund is not constrained by it.

The Indices have been selected as a benchmark for performance as a reflection of global equity markets and offer a clear comparator.

The ACD reserves the right to change the benchmark following consultation with Northern Trust Global Services SE UK Branch (the “Trustee”) and in accordance with the rules of Collective Investment Schemes sourcebook (“COLL”). A change could arise, for example, where the ACD determines that an alternative may be more appropriate or a benchmark administrator has given notification of discontinuance of the benchmark. Unitholders will be notified of such a change, FCA approval will be applied for and the Prospectus updated and the change noted in the subsequent annual and half yearly reports.

### Impact of COVID-19

The outbreak of the novel coronavirus (COVID-19), declared by the World Health Organisation as a pandemic on 11th March 2020, has caused disruption to businesses and economic activity which has been reflected in global stock markets. The 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.

There are no material events that have been identified that may cast significant doubt about the Fund's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The financial statements have been prepared on a going concern basis.

This assessment is made as at the date of issue of these financial statements and is based additionally on the following:

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

Thesis Unit Trust Management Limited  
Manager  
27th July 2021

# TM Stonehage Fleming Global Equities Fund II

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## Report of the Investment Manager

for the year ended 2nd April 2021

### Investment Report – TM Stonehage Fleming Global Equities Fund II

#### Commentary

The TM Stonehage Fleming Global Equities Fund II (the ‘Fund’) returned 42.5% (net of fees, with dividends reinvested) over the period, whilst the benchmark returned 34.6%.

The year to 2nd April 2021 was a particularly strong period for equity markets as they recovered more than from their losses in Q1 2020. Despite the significant negative impacts of COVID-19 to the global economic activity, a combination of some businesses thriving from a ‘work from home’ environment and investors being able to look beyond the current turmoil to a strong recovery in many regions, assisted by government monetary and fiscal support, resulted in good gains in equity markets.

Within equity markets, there was substantial dispersion between the more defensive sectors of the market and both the higher growth and cyclical sectors. Areas such as Consumer Staples, Healthcare and Utilities which had fared better in Q1 2020, notably trailed other equity sectors. Whilst, Technology, Consumer Discretionary, Industrial and Materials sectors all performed very well. From a style perspective, we did see Growth perform very well in Q2 and Q3, and then there was quite a sharp rotation that started in Q4 which saw Value areas of the market performing well for the next 6 months. Given this backdrop, there were opportunities for both our Growth and Value oriented funds to deliver alpha in their respective areas.

Our strategies focused on investing in high quality and growth businesses had a mixed period. Our quality/growth emerging markets manager, Fidelity, was one standout performer over the period having outperformed its benchmark by close to 20%, and despite its quality tilt, performed well in the final 6 months of the period as Value was favoured. Our quality/growth strategies that trailed were Stonehage Fleming Global Best Ideas fund (GBI) and Findlay Park. This wasn’t, however, outside of our expectations given GBI and Findlay Park tend to have more a defensive return profile and so lagging in a sharply rising market is consistent with what we have seen in the past. Our newly introduced US Growth manager, Edgewood, performed close to in line with its benchmark over the period held.

Our Value strategies on the whole performed very well over the period, particularly our US manager, Lyrical, which was up over 100% and saw broad outperformance from its underlying holdings. GLG Japan fared less well during the sell-off in March 2020 and we subsequently exited this position. Those managers with more of a blended style, including JO Hambro and Majedie, also outperformed their respective indices. Our thematic managers, Polar Capital Global Insurance, and newly introduced Healthcare strategy, Sector Healthcare, both underperformed. The former due to negative sentiment on business interruption claims surrounding COVID-19 and the latter due to Healthcare as a sector remaining out of favour.

Given the volatility in markets, it was a fairly active year in terms of portfolio turnover. Complete sales included our Japanese Value manager, GLG Japan, which we sold in May, with the proceeds reinvested into a new position in US Growth manager, Edgewood, and into our iShares S&P 500 ETF position. GLG Japan was a lower conviction Value position given the concentrated nature of Value in Japan (banks, steel, autos) and we wanted to be more selective within the Value space going forward. In Q4, we made our first investment in a new healthcare strategy, Sector Healthcare, which was funded through the sale of our iShares FTSE 100 ETF position and a trim of our S&P 500 ETF position. We believe the large cap pharma/biotech space looks attractively valued at present and our preference was to have an experienced, specialist manager in this area. In Q1, we sold our position in the Heronbridge UK Equity Fund and initiated a new position in Veritas Asia. Our rationale for doing so was our desire to participate more in the growth of Asia and diversify our Growth exposure which has been concentrated more in the US.

In terms of outlook, we expect a strong economic recovery in 2021 driven by a surge in consumer demand. Our portfolio currently blends managers that benefit from this theme with those that emphasise structural growth opportunities at a global level. The risks to our outlook are being monitored, and for now these risks are dominated by the potential evolution of the virus itself and the actions taken by Governments/Central Banks. The good news is that vaccination efficacy appears robust against current variants in circulation, but we remain vigilant to an unfavourable development.

*Source: Stonehage Fleming, Bloomberg as at 2nd April 2021. Returns in GBP from 2nd April 2020 – 2nd April 2021 for the GBP A share classes. GEF 2 Benchmark: A composite benchmark made up of MSCI gross dividend indices – UK 45%; US 22%; Europe ex UK 16%; Far East 10% Emerging Markets 7%; rebalanced monthly.*

# TM Stonehage Fleming Global Equities Fund II

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## **Constitution**

TM Stonehage Fleming Global Equities Fund II (the “Fund”) is constituted by a Trust Deed dated 23rd November 2018 between Thesis Unit Trust Management Limited (the “Manager”) and Northern Trust Global Services SE UK Branch (the “Trustee”). The Fund is a Non-UCITS type scheme then being a category of authorised scheme for the purposes of Collective Investment Schemes sourcebook (“COLL”) 1.2.1R.

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 Stonehage Fleming Global Equities Fund II

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## **AIFMD Disclosures** *(unaudited)*

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 ended 30th April 2020, is analysed below:

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

The staff members included in the above analysis support the entirety of the funds managed by the 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 & Accounts by Directors**

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

D.W. TYERMAN            Director

S. E. NOONE             Director

27th July 2021

# TM Stonehage Fleming Global Equities Fund II

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## 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 period 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 applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 ‘The Financial Reporting Standard Applicable in the UK and Republic of Ireland’ and the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association (now known as The Investment Association) in May 2014 and amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the 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  
27th July 2021

# TM Stonehage Fleming Global Equities Fund II

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## Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of TM Stonehage Fleming Global Equities Fund II (the "Fund") for the Year Ended 2nd April 2021

The Trustee must ensure that the Fund 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 Fund and its investors.

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

The Trustee must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund 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 Fund is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund'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 Fund is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Fund.

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 Fund's units and the application of the Fund'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 Fund.

Northern Trust Global Services SE UK Branch  
UK Trustee and Depositary Services  
27th July 2021

# TM Stonehage Fleming Global Equities Fund II

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## Independent auditors' report to the Unitholders of TM Stonehage Fleming Global Equities Fund II

### Report on the audit of the financial statements

#### Opinion

In our opinion, the financial statements of TM Stonehage Fleming Global Equities Fund II (the "Fund"):

- give a true and fair view of the financial position of the Fund as at 2nd April 2021 and of the net revenue and the net capital gains on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: the Balance Sheet as at 2nd April 2021; the Statement of Total Return and the Statement of Change in Net Assets Attributable to unitholders for the year then ended; the Distribution Tables; the Notes to the Financial Statements, which include a description of the significant accounting policies.

#### Basis for opinion

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

#### *Independence*

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

#### Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

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

#### Reporting on other information

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

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

# TM Stonehage Fleming Global Equities Fund II

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## Independent auditors' report to the Unitholders of TM Stonehage Fleming Global Equities Fund II (continued)

### *Manager's Report*

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

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

#### *Responsibilities of the Manager for the financial statements*

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

In preparing the financial statements, the Manager is responsible for 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 the Manager either intends to wind up or terminate the Fund, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

### *Use of this report*

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

# TM Stonehage Fleming Global Equities Fund II

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## **Independent auditors' report to the Unitholders of TM Stonehage Fleming Global Equities Fund II (continued)**

### **Other required reporting**

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

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

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

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

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
27th July 2021

# TM Stonehage Fleming Global Equities Fund II

## Portfolio Statement as at 2nd April 2021

Holdings	Market value £	Percentage of total net assets %
<b>COLLECTIVE INVESTMENT SCHEMES 100.27% (99.86%)</b>		
<b>Ireland 54.78% (45.29%)</b>		
389,642 Findlay Park American	32,893,595	11.28
53,375 iShares Core EURO STOXX 50 UCITS ETF EUR Acc	5,948,110	2.04
416,743 iShares Core MSCI EM IMI UCITS ETF USD Acc	11,252,061	3.86
163,440 iShares Core S&P 500 ETF USD Acc	47,920,608	16.44
2,841,645 Polar Capital Insurance 'D' Inc	16,141,680	5.54
73,311 Sector Healthcare Value 'Y' GBP Acc	7,896,315	2.71
133,547 Stonehage Fleming Global Best Ideas Equity 'H' Acc <sup>1</sup>	27,965,469	9.59
9,083 Veritas Asian Fund 'C' GBP Acc	9,691,778	3.32
	<b>159,709,616</b>	<b>54.78</b>
<b>Jersey 0.00% (5.32%)</b>		
<b>Luxembourg 12.13% (5.75%)</b>		
109,542 Conventum Lyrical 'S' USD Acc	15,421,477	5.29
47,659 Edgewood L Select - US Select Growth 'T' GBP	19,936,236	6.84
	<b>35,357,713</b>	<b>12.13</b>
<b>United Kingdom 33.36% (43.50%)</b>		
9,571,170 Fidelity Emerging Markets 'W' Acc	21,085,288	7.23
16,203,456 LF Majedie UK Focus Fund	30,665,041	10.52
17,270,558 Man GLG Undervalued Assets 'C' Acc	27,028,424	9.27
4,185,282 TM Stonehage Fleming European All Cap Equity <sup>1</sup>	18,498,948	6.34
	<b>97,277,701</b>	<b>33.36</b>
<b>FINANCIAL DERIVATIVE INSTRUMENTS 0.00% (0.14%)</b>		
<b>Forward Currency Contracts 0.00% (0.14%)</b>		
<b>Net investments 100.27% (100.00%)</b>	<b>292,345,030</b>	<b>100.27</b>
Net other liabilities	(774,026)	(0.27)
<b>Total net assets</b>	<b>291,571,004</b>	<b>100.00</b>

Note: Comparative figures shown in brackets relate to 2nd April 2020.

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

<sup>1</sup>Related party

# TM Stonehage Fleming Global Equities Fund II

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## **Fund Information**

The Comparative Tables on pages 14 and 15 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)*

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

# TM Stonehage Fleming Global Equities Fund II

## Fund Information *(continued)*

### Comparative Tables

#### *Class A Income Units*

	<i>02/04/2021</i> <i>(pence per unit)</i>	<i>02/04/2020</i> <i>(pence per unit)</i>	<i>02/04/2019</i> <i>(pence per unit)</i>
<b>Change in Net Asset Value per Unit</b>			
Opening net asset value per unit	179.49	230.01	224.49
Return before operating charges*	80.57	(42.66)	13.05
Operating charges	(3.16)	(3.28)	(3.33)
Return after operating charges*	77.41	(45.94)	9.72
Distributions on income units	(2.24)	(4.58)	(4.20)
Closing net asset value per unit	254.66	179.49	230.01
*After direct transaction costs of :	0.04	–	0.02
<b>Performance</b>			
Return after charges	43.13%	(19.97)%	4.33%
<b>Other Information</b>			
Closing net asset value (£'000)	266,931	188,417	250,553
Closing number of units	104,819,317	104,973,881	108,933,329
Operating charges <sup>1</sup>	1.39%	1.41%	1.46%
Direct transaction costs	0.02%	0.00%	0.01%
<b>Prices</b>			
Highest unit price	256.40	248.40	240.74
Lowest unit price	178.40	174.00	207.50

<sup>1</sup> 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 Stonehage Fleming Global Equities Fund II

## Fund Information *(continued)*

### Comparative Tables *(continued)*

#### Class B Income Units

	02/04/2021 <i>(pence per unit)</i>	02/04/2020 <i>(pence per unit)</i>	02/04/2019 <i>(pence per unit)</i>
<b>Change in Net Asset Value per Unit</b>			
Opening net asset value per unit	173.78	223.47	218.87
Return before operating charges*	78.00	(41.27)	12.71
Operating charges	(3.90)	(3.97)	(4.03)
Return after operating charges*	74.10	(45.24)	8.68
Distributions on income units	(2.17)	(4.45)	(4.08)
Closing net asset value per unit	245.71	173.78	223.47
*After direct transaction costs of :	0.04	–	0.02
<b>Performance</b>			
Return after charges	42.64%	(20.24)%	3.97%
<b>Other Information</b>			
Closing net asset value (£'000)	24,640	7,775	9,561
Closing number of units	10,028,301	4,473,900	4,278,372
Operating charges <sup>1</sup>	1.74%	1.76%	1.81%
Direct transaction costs	0.02%	0.00%	0.01%
<b>Prices</b>			
Highest unit price	247.50	240.70	234.44
Lowest unit price	172.70	168.40	201.80

<sup>1</sup> 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 Stonehage Fleming Global Equities Fund II

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## Fund Information *(continued)*

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

**Lower Risk**

**Higher Risk**

Typically lower rewards

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 synthetic risk and reward indicator.

The prior year SRRI rating was 4 and it has increased due the volatility within the Fund. The risk rating is calculated using historical data and a prescribed standard deviation methodology.

## TM Stonehage Fleming Global Equities Fund II

### Statement of Total Return

for the year ended 2nd April 2021

	Notes	£'000	2021 £'000	£'000	2020 £'000
<b>Income</b>					
Net capital gains/(losses)	5		<b>83,310</b>		(53,976)
Revenue	7	<b>2,648</b>		5,306	
Expenses	8	<b>(1,910)</b>		(2,014)	
Interest payable and similar charges		–		(4)	
Net revenue before taxation		<b>738</b>		3,288	
Taxation	9	–		–	
Net revenue after taxation for the year			<b>738</b>		3,288
<b>Total return before distributions</b>			<b>84,048</b>		(50,688)
Distributions	10		<b>(2,469)</b>		(5,111)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>81,579</b>		(55,799)

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

for the year ended 2nd April 2021

	£'000	2021 £'000	£'000	2020 £'000
<b>Opening net assets attributable to unitholders</b>		<b>196,192</b>		260,114
Amounts receivable on issue of units	<b>18,376</b>		6,569	
Amounts payable on cancellation of units	<b>(4,576)</b>		(14,692)	
		<b>13,800</b>		(8,123)
Change in net assets attributable to unitholders from investment activities		<b>81,579</b>		(55,799)
<b>Closing net assets attributable to unitholders</b>		<b>291,571</b>		196,192

# TM Stonehage Fleming Global Equities Fund II

## Balance Sheet

as at 2nd April 2021

	Notes	2021 £'000	2020 £'000
<b>Assets</b>			
Fixed assets:			
Investments		292,345	196,185
Current assets:			
Debtors	11	196	830
Cash and bank balances		1,219	1,370
		<b>293,760</b>	198,385
<b>Total assets</b>			
<b>Liabilities</b>			
Creditors:			
Bank overdrafts		(426)	–
Distribution payable	10	(1,360)	(1,408)
Other creditors	12	(403)	(785)
		<b>(2,189)</b>	(2,193)
<b>Total liabilities</b>			
<b>Net assets attributable to unitholders</b>		<b>291,571</b>	196,192

# TM Stonehage Fleming Global Equities Fund II

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## Notes to the Financial Statements

for the year ended 2nd April 2021

### 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 or as stated otherwise.

#### c) Valuation of Investments

Quoted investments are valued at bid-market value as at close of business 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 instrument's 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 Pounds Sterling at the rates of exchange ruling as at 12 noon on the last working day of the accounting year.

#### e) Revenue

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

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

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

#### 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.

# TM Stonehage Fleming Global Equities Fund II

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## Notes to the Financial Statements

for the year ended 2nd April 2021 (continued)

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

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

The Manager's periodic charge is taken to capital for the purposes of calculating income available for distribution. This will increase the amount of income 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 in accordance with COLL.

### 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 collective investment schemes and other financial instruments. The Fund may also from time to time utilise derivatives for efficient portfolio management and for hedging purposes. These instruments may be volatile, involve certain special risks and can expose investors to a risk of loss. When used for hedging purposes there may be an imperfect correlation between these instruments and the investment or market sectors being hedged, although this basis of risk will be monitored and any material breakdown in correlation can generally be corrected by delta hedging the position or liquidation.

Market price risk is managed through active portfolio management.

#### *Foreign currency risk*

Foreign currency risk is the risk that the value of the 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 investment holdings will fluctuate as a result of changes in interest rates.

The Fund does not invest in fixed and floating rate securities. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

# TM Stonehage Fleming Global Equities Fund II

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## Notes to the Financial Statements

for the year ended 2nd April 2021 (continued)

### 4. Risk Management Policies (continued)

#### *Interest rate risk (continued)*

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 2nd April 2021 in relation to each class of recognised financial assets including derivatives, is the carrying amount of those assets in the balance sheet.

#### **Exposure**

Exposure to market risk is calculated using the "commitment approach" methodology. In relation to Position Risk (concentration), this approach involves converting derivative positions into the equivalent positions of the underlying assets. The commitment approach is a simplistic way of identifying the level of exposure that a 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.

##### *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.

# TM Stonehage Fleming Global Equities Fund II

## Notes to the Financial Statements

for the year ended 2nd April 2021 (continued)

### 4. Risk Management Policies (continued)

The Fund's liquidity is also monitored through a daily check, which assesses the Fund's ability to liquidate the portfolio within one working day. Any portfolio that has less than 60% liquidity is marked as a higher risk, and details are reported to the Fund Risk committee, and are then monitored for significant changes either to the Fund's makeup, and/or units being traded in the Fund. This liquidity check is stress tested on assumptions of reduced market liquidity. The full process for this check is 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:

	2021 £'000	2020 £'000
Non-derivative securities <sup>1</sup>	82,525	(52,897)
Forward currency contracts <sup>2</sup>	629	(1,990)
Currency gains	159	921
Transaction charges	(3)	(10)
Net capital gains/(losses)	<u>83,310</u>	<u>(53,976)</u>

<sup>1</sup> Includes realised losses of £3,281,507 and unrealised gains of £85,806,537 (2nd April 2020: realised gains of £4,496,121 and unrealised losses of £57,393,304).

<sup>2</sup> Includes realised losses of £909,115 and unrealised gains of £280,081 (2nd April 2020: realised losses of £2,273,380 and unrealised gains of £283,542).

Where the realised gains/losses include gains/losses arising in previous periods, a corresponding gain/loss is included in the unrealised gains/losses.

### 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 13.

#### Analysis of direct transaction costs for the year ended 2nd April 2021:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Collective Investment Schemes	63,630	14	–	63,644	0.02	–
	<u>63,630</u>	<u>14</u>	<u>–</u>	<u>63,644</u>		
<b>Sales</b>						
Collective Investment Schemes	51,048	–	(32)	51,016	–	0.06
	<u>51,048</u>	<u>–</u>	<u>(32)</u>	<u>51,016</u>		
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		<b>0.01%</b>	<b>0.01%</b>			

# TM Stonehage Fleming Global Equities Fund II

## Notes to the Financial Statements

for the year ended 2nd April 2021 (continued)

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

Analysis of direct transaction costs for the year ended 2nd April 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Collective Investment Schemes	61,404	1	–	61,405	–	–
	61,404	1	–	61,405		
<b>Sales</b>						
Collective Investment Schemes	75,035	(2)	–	75,033	–	–
	75,035	(2)	–	75,033		
<b>Derivative purchases and sales</b>		–	–			
<b>Total cost as percentage of average net asset value</b>		0.00%	0.00%			

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.04% (2nd April 2020: 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.

### 7. Revenue

	2021 £'000	2020 £'000
Franked CIS revenue	1,104	3,411
Offshore CIS dividend revenue	1,544	1,895
	<u>2,648</u>	<u>5,306</u>

### 8. Expenses

	2021 £'000	2020 £'000
<b>Payable to the Manager or associates of the Manager:</b>		
Manager's periodic charge	1,731	1,823
	<u>1,731</u>	<u>1,823</u>
<b>Payable to the Trustee or associates of the Trustee:</b>		
Trustee's fee	75	77
Safe custody charges	8	7
	<u>83</u>	<u>84</u>
<b>Other expenses:</b>		
Administration fees	61	68
AIFMD fees	1	2
Audit fees <sup>1</sup>	14	13
Printing fees	1	1
Registration fees	19	23
	<u>96</u>	<u>107</u>
<b>Total expenses</b>	<u>1,910</u>	<u>2,014</u>

<sup>1</sup> Total audit fees of £11,750 (2nd April 2020: £10,870), exclusive of VAT.

# TM Stonehage Fleming Global Equities Fund II

## Notes to the Financial Statements

for the year ended 2nd April 2021 (continued)

### 9. Taxation

	2021 £'000	2020 £'000
<b>a) Analysis of charge for the year:</b>		
Corporation tax	–	–
Irrecoverable income tax	–	–
<b>Total current taxation</b>	–	–
Deferred tax charge	–	–
<b>Total taxation</b>	–	–
<b>b) Factors affecting taxation charge for the year:</b>		
Net revenue before taxation	738	3,288
Net revenue multiplied by the standard rate of corporation tax of 20% (2020: 20%)	148	658
Effects of:		
Excess management expenses not utilised	382	403
Franked CIS revenue	(221)	(682)
Offshore CIS dividend revenue	(309)	(379)
<b>Total tax charge (note 9a)</b>	–	–
<b>c) Deferred tax</b>		
Deferred tax charge (note 9a)	–	–
Provision at start of year	–	–
<b>Provision at end of year</b>	–	–

The Fund has not recognised a deferred tax asset of £2,644,174 (2nd April 2020: £2,262,086) 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.

### 10. Distributions

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

	2021 £'000	2020 £'000
First quarter distribution	427	1,533
Interim distribution	712	1,645
Third quarter distribution	–	522
Final distribution	1,360	1,408
	2,499	5,108
Add: Revenue deducted on units cancelled	1	15
Deduct: Revenue received on units created	(31)	(12)
<b>Net distribution for the year</b>	2,469	5,111
<b>Reconciliation between net revenue and distribution</b>		
	2021 £'000	2020 £'000
Net revenue after taxation	738	3,288
Add: Expenses allocated to capital	1,731	1,823
	2,469	5,111

# TM Stonehage Fleming Global Equities Fund II

## Notes to the Financial Statements

for the year ended 2nd April 2021 (continued)

### 11. Debtors

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Accrued revenue	<b>196</b>	467
Amount receivable for issue of units	–	117
Sales awaiting settlement	–	246
	<b>196</b>	830
	<b>196</b>	830

### 12. Other creditors

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Accrued expenses	<b>243</b>	193
Amount payable for cancellation of units	<b>10</b>	592
Purchases awaiting settlement	<b>150</b>	–
	<b>403</b>	785
	<b>403</b>	785

### 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.

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. £188,322 (2nd April 2020: £140,636) is the amount payable at the year end.

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

At the year end, the Fund held the following Collective Investment Schemes, managed by the Investment Manager.

Fund Name	Holdings		Bid Market Value	
	2021	2020	2021	2020
Stonehage Fleming Global Best Ideas 'H' Acc	<b>133,547</b>	149,141	<b>£27,965,469</b>	£22,447,586
TM Stonehage Fleming European All Cap Equity	<b>4,185,282</b>	5,629,612	<b>£18,498,948</b>	£16,635,503

Where investments are held in funds managed by the Investment Manager and its associates, a rebate could be paid into the Fund. The rebate from underlying securities amounted to £Nil (2nd April 2020: £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 2nd April 2021 (2nd April 2020: £Nil).

### 16. Unit Classes

The Fund currently has two unit class: Class A Income Units and Class B Income Units. The distribution per unit is given in the distribution tables on page 30.

# TM Stonehage Fleming Global Equities Fund II

## Notes to the Financial Statements

for the year ended 2nd April 2021 (continued)

### 16. Unit Classes (continued)

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

Class A Income Units	0.69%
Class B Income Units	1.04%

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

Class	Opening Units	Units Created	Units Liquidated	Units Converted	Closing Units
Class A Income Units	104,973,881	1,993,912	(2,148,476)	–	104,819,317
Class B Income Units	4,473,900	5,678,625	(124,224)	–	10,028,301

### 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's investment objective and policies;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- 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 investment activities (and related financing)

### 18. Risks Disclosures

- *Market price risk* - risk management policies surrounding this risk are discussed in note 4 on pages 20 to 22.

At 2nd April 2021, 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 £14,617,252 (2nd April 2020: £9,795,240).

- *Foreign currency risk* - risk management policies surrounding this risk are discussed in note 4 on pages 20 to 22.

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 2nd April 2021:

Currency	Monetary Exposures 2021 £'000	Non Monetary Exposures 2021 £'000	Total 2021 £'000
Pound sterling	(774)	276,924	276,150
US dollar	–	15,421	15,421
	(774)	292,345	291,571

# TM Stonehage Fleming Global Equities Fund II

## Notes to the Financial Statements

for the year ended 2nd April 2021 (continued)

### 18. Risks Disclosures (continued)

Foreign currency exposure as at 2nd April 2020:

	Forward Contracts 2020 £'000	Monetary Exposures 2020 £'000	Non Monetary Exposures 2020 £'000	Total 2020 £'000
Currency				
Pound sterling	–	7	184,638	184,645
US dollar	280	–	11,267	11,547
	280	7	195,905	196,192

- *Interest rate risk* - risk management policies surrounding this risk are discussed in note 4 on pages 20 to 22.

Interest rate risk profile of financial assets as at 2nd April 2021:

Currency	Floating Rate Financial Assets 2021 £'000	Fixed Rate 2021 £'000	Financial Assets Not Carrying Interest 2021 £'000	Total 2021 £'000
	Pound sterling	1,219	–	276,924
US dollar	–	–	15,421	15,421
	1,219	–	292,345	293,564

Interest rate risk profile of financial assets as at 2nd April 2020:

Currency	Floating Rate Financial Assets 2020 £'000	Fixed Rate 2020 £'000	Financial Assets Not Carrying Interest 2020 £'000	Total 2020 £'000
	Pound sterling	1,370	–	184,638
US dollar	–	–	11,547	11,547
	1,370	–	196,185	197,555

Interest rate risk profile of financial liabilities as at 2nd April 2021:

Currency	Floating Rate Financial Liabilities 2021 £'000	Financial Liabilities Not Carrying Interest 2021 £'000	Total 2021 £'000
	Pound sterling	(426)	–
	(426)	–	(426)

# TM Stonehage Fleming Global Equities Fund II

## Notes to the Financial Statements

for the year ended 2nd April 2021 (continued)

### 18. Risks Disclosures (continued)

There were no financial liabilities as at 2nd April 2020.

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

The Fund's net cash holdings of £793,707 (2nd April 2020: £1,370,459) are held in floating rate deposit accounts, whose rates are determined by reference to LIBOR or an international equivalent borrowing rate.

- *Counterparty exposure risk* – No derivatives held at the balance sheet date. The total position by counterparty at the balance sheet was as follows:

Counterparty Name <sup>1</sup>	2021 £'000	2020 £'000
<b>Forward Currency Contracts</b>		
Northern Trust	–	280
<b>Total</b>	–	280

<sup>1</sup> 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.

- *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 2nd April 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Collective Investment Schemes	65,121	227,224	–	292,345
Valuation technique as at 2nd April 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Collective Investment Schemes	34,341	161,564	–	195,905
Forward Currency Contracts	–	280	–	280
	34,341	161,844	–	196,185

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

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

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

# TM Stonehage Fleming Global Equities Fund II

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## Notes to the Financial Statements

*for the year ended 2nd April 2021 (continued)*

### 19. Leverage

In accordance with the Alternative Investment Funds Management Directive (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. Neither of these are important features in terms of how the Manager manages the Fund. There are no collateral, asset re-use or guarantee arrangements involved in the Manager's current approach to leverage.

The maximum leverage calculated on the commitment method permitted is 200%. It is expected that the Manager will operate the Fund well within these limits. The 'commitment' method is the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The Manager sets maximum leverage levels and operates the Fund within these levels at all times.

The Fund has not employed significant leverage in the current year or prior year.

### 20. Post Balance Sheet Events

The latest NAV per Class A Income Units of 272.90p as at the close of business on 23rd July 2021 had increased on average across the unit classes by 7.16% compared to the NAV at the year end of 254.66p.

# TM Stonehage Fleming Global Equities Fund II

## Distribution Tables

for the year ended 2nd April 2021

### First Interim Distribution Class A Income Units (in pence per unit)

Group 1: Units purchased prior to 3rd April 2020

Group 2: Units purchased from 3rd April 2020 to 2nd July 2020

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	0.3949	–	0.3949	1.3660
2	0.3149	0.0800	0.3949	1.3660

### First Interim Distribution Class B Income Units (in pence per unit)\*

Group 1: Units purchased prior to 3rd April 2020

Group 2: Units purchased from 3rd April 2020 to 2nd July 2020

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	0.3823	–	0.3823	1.3266
2	0.3823	–	0.3823	1.3266

### Second Interim Distribution Class A Income Units (in pence per unit)\*

Group 1: Units purchased prior to 3rd July 2020

Group 2: Units purchased from 3rd July 2020 to 2nd October 2020

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	0.6609	–	0.6609	1.4535
2	0.6609	–	0.6609	1.4535

### Second Interim Distribution Class B Income Units (in pence per unit)

Group 1: Units purchased prior to 3rd July 2020

Group 2: Units purchased from 3rd July 2020 to 2nd October 2020

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	0.6395	–	0.6395	1.4102
2	0.6372	0.0023	0.6395	1.4102

# TM Stonehage Fleming Global Equities Fund II

## Distribution Tables

for the year ended 2nd April 2021 (continued)

### Third Interim Distribution Class A Income Units (in pence per unit)\*,\*\*

Group 1: Units purchased prior to 3rd October 2020

Group 2: Units purchased from 3rd October 2020 to 2nd January 2021

Group	Net Income	Equalisation (note 14)	2021 Net Distribution Paid	2020 Net Distribution Paid
1	–	–	–	0.4758
2	–	–	–	0.4758

### Third Interim Distribution Class B Income Units (in pence per unit)\*,\*\*

Group 1: Units purchased prior to 3rd October 2020

Group 2: Units purchased from 3rd October 2020 to 2nd January 2021

Group	Net Income	Equalisation (note 14)	2021 Net Distribution Paid	2020 Net Distribution Paid
1	–	–	–	0.4619
2	–	–	–	0.4619

### Final Distribution Class A Income Units (in pence per unit)

Group 1: Units purchased prior to 3rd January 2021

Group 2: Units purchased from 3rd January 2021 to 2nd April 2021

Group	Net Income	Equalisation (note 14)	2021 Net Distribution Paid	2020 Net Distribution Paid
1	1.1877	–	1.1877	1.2884
2	0.3679	0.8198	1.1877	1.2884

### Final Distribution Class B Income Units (in pence per unit)

Group 1: Units purchased prior to 3rd January 2021

Group 2: Units purchased from 3rd January 2021 to 2nd April 2021

Group	Net Income	Equalisation (note 14)	2021 Net Distribution Paid	2020 Net Distribution Paid
1	1.1509	–	1.1509	1.2480
2	0.3548	0.7961	1.1509	1.2480

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

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



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