

# TM Stonehage Fleming Global Equities Umbrella Fund

Annual Report & Accounts  
for the year ended 29th February 2020



**THEISIS UNIT TRUST MANAGEMENT LIMITED**

Authorised and regulated by the Financial Conduct Authority

# TM Stonehage Fleming Global Equities Umbrella Fund

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\*These collectively comprise the Manager's Report

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\*These collectively comprise the Manager's Report

# TM Stonehage Fleming Global Equities Umbrella Fund

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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

*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:

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

*Authorised by the Prudential Regulation Authority 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:

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<sup>1</sup>  
C. J. Willson - Independent Non-Executive Director<sup>2</sup>  
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 Trust. 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.

<sup>1</sup> Appointed 12th November 2019

<sup>2</sup> Appointed 14th November 2019

# TM Stonehage Fleming Global Equities Umbrella Fund

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## Report of the Manager

*for the year ended 29th February 2020*

Thesis Unit Trust Management Limited, (the “Manager”) is pleased to present the Manager’s annual report for the TM Stonehage Fleming Global Equities Umbrella Fund (the “Trust”) for the year ended 29th February 2020.

This Trust is an umbrella fund with three sub-funds, namely TM Stonehage Fleming Core UK Equity Fund, TM Stonehage Fleming UK Equity Income Fund and TM Stonehage Fleming European All Cap Equity Fund (the “sub-funds”).

## Investment Objective and Policy

### TM Stonehage Fleming Core UK Equity Fund

The sub-fund aims to deliver total returns (inclusive of capital and income), generally over a period of 5 to 7 years, in excess of the FTSE All Share Index\* through investment primarily in a diversified portfolio of UK securities in any economic sector. Equity exposure may be obtained through equity and equity linked securities including shares, depositary receipts, warrants and other participation rights, convertible securities, index and participation notes and equity linked notes. Its flexible investment approach means that the total return of the Fund may periodically diverge significantly from that of the FTSE All Share Index\*.

Derivatives and forward transactions may be used by the sub-fund for the purposes of hedging or Efficient Portfolio Management.

The sub-fund did not hold any security as at 29th February 2020 as it ceased investment activity on 17th December 2019; therefore, the investment objective and policy of the sub-fund changed from that date forward.

### TM Stonehage Fleming UK Equity Income Fund

The sub-fund aims to deliver capital returns in excess of the FTSE 350 Index\* with lower volatility over a market cycle, as well as annual yield above the same index, primarily through investment in UK companies listed on a global stock market. Equity exposure may be obtained through equity and equity linked securities including shares, depositary receipts, warrants and other participation rights, convertible securities, index and participation notes and equity linked notes. Despite the emphasis on UK equities, the sub-fund may at times hold significant levels of cash to manage volatility or to protect the sub-fund from stock market corrections. In seeking to generate additional income, the sub-fund may also sell call and put options with respect to particular securities or positions held by the sub-fund. Its flexibility, value driven style and yield enhancement strategy mean that the total return of the sub-fund may periodically diverge significantly from that of the FTSE 350 Index\*.

### TM Stonehage Fleming European All Cap Equity Fund

The sub-fund aims to deliver total returns (inclusive of capital and income), generally over a period of 5 to 7 years, in excess of the MSCI Europe ex UK Dividend Reinvested Index through investment primarily in a diversified portfolio of European ex UK securities in any economic sector. Equity exposure may be obtained through equity and equity linked securities including shares, depositary receipts, warrants and other participation rights, convertible securities, index and participation notes and equity linked notes. From time to time, the sub-fund may invest up to a maximum of 20% of the portfolio in securities listed on a European recognised stock exchange outside continental Europe. No more than 10% of the portfolio may be invested in non-European securities. Its flexible investment approach means that the total return of the sub-fund may periodically diverge significantly from that of the MSCI Europe ex UK Index.

Derivatives and forward transactions may be used by the sub-fund for the purposes of hedging or Efficient Portfolio Management.

\*Source: FTSE International Limited ("FTSE"). FTSE® is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

## Performance Comparator

The benchmark used defines the asset allocation of the investments made and is therefore appropriate to be used as a comparator for performance purposes.

The Manager reserves the right to change the peer group following consultation with the Trustee and in accordance with the rules of Financial Conduct Authority's Collective Investment Schemes sourcebook ("COLL"). A change could arise, for example, where the Manager determines that an alternative may be more appropriate. Unitholders will be notified of such a change through an update to the Prospectus and the change noted in the subsequent annual and half yearly reports.

# TM Stonehage Fleming Global Equities Umbrella Fund

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## **Report of the Manager**

*for the year ended 29th February 2020 (continued)*

## **Important Information**

The TM Stonehage Fleming Core UK Equity Fund ceased investment activity on 17th December 2019. Please see page 22, note 2(a) for further details.

Thesis Unit Trust Management Limited  
Manager  
29th June 2020

# TM Stonehage Fleming Global Equities Umbrella Fund

## Report of the Investment Manager for the year ended 29th February 2020

### Investment Report – TM Stonehage Fleming Core UK Equity Fund

#### Segregated Portfolio

Market Value	£ 43,179,313.39				
Portfolio Performance Date Range	17 December 2008 – 13 December 2019				
Benchmark	FTSE All-Share Index				
Target	Deliver total returns in excess of the FTSE All Share Index				
TOTAL RETURN (%)	6 MONTHS	12 MONTHS	3 YEARS (P.A.)	5 YEARS (P.A.)	SINCE INCEPTION (P.A.)
Portfolio	4.4	12.8	3.0	6.2	11.7
Benchmark	2.8	16.2	6.0	7.0	10.0
Relative	1.6	-3.4	-3.0	-0.8	1.7

All data above is as at close of business on the 13th December 2019. Performance for your mandate is shown in GBP, stated gross of fees.

#### Market Review

During the period, economic data was mixed and political uncertainty in the UK continued throughout most of the year until the Tory landslide victory in December. Uncertainties remain though. The shape of a final exit terms with the EU remain unclear, and the UK Prime Minister's objective of having trade deals in place by the end of 2020 will revive questions around the risk of a no deal exit. Nonetheless, the arrival of a government that can implement policy efficiently has removed much of the uncertainty that has plagued the UK stock market since 2016.

#### Stock Attribution

On the positive side, Barrick Gold continued to perform strongly as production rates increased, the company and the gold price performed well over the period. We continue to see Barrick Gold as a best in class operator, with the Randgold management team acquire. The Gold Miners earnings are highly geared into the Gold price, which is well supported thanks to: decreased supply (conversion rates from mines have dropped), demand increase to protect against inflation, should quantitative easing restart in earnest, and increased demand from Central Banks looking to diversify holdings away from USD. Glencore, not held in your portfolio, struggled to resolve a US investigation into possible bribery and corruption. The company has also had a mine collapse during the period and delivered poor results. Imperial Brands was another company avoided in your portfolio. It continued to struggle as the sector faces structural challenges. An underweight position to HSBC boosted performance. The bank's Asian exposure was hit by concerns over global growth, made worse by the political situation in Hong Kong. Electrocomponents, the distributor of electronics products, continued to power higher off market share gains and digital execution.

On the negative side, the shares of Pearson continued to suffer from a profit warning at the end of Q3. We believe the market over-reacted and missed the transformation from print to digital underway at Pearson. Centrica has struggled in the last few years against multiple headwinds of regulation, political interference and low energy prices. As a response, the company increased its cost reduction target and set out plans to reposition the business as the lowest cost provider in the market. Although this move comes at a short term cost and is not without execution risk, there are catalysts in the second half of the year that should highlight Centrica's strong competitive position and that its market value is significantly higher than the current share price. Saga issued a profit warning after a long period of underinvestment left the company unable to cope with competitive pricing in the sector exacerbated by regulatory intervention designed to increase competitive intensity. The company reset margins in response. BP released earnings over the period which fell short of expectations and Wm Morrison struggled, amidst a challenging landscape in the UK and falling sales data was poorly received.

# TM Stonehage Fleming Global Equities Umbrella Fund

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## Report of the Investment Manager

for the year ended 29th February 2020 (continued)

### Investment Report – TM Stonehage Fleming Core UK Equity Fund (continued)

#### Transactions

The largest purchases:

Associated British Foods
Pearson
Booking Holdings
3I Group
Legal & General

Associated British Foods holds a high quality set of businesses including Primark, Ovaltine and Twinings; it is perceived as a conglomerate by the market, however we see distinct opportunity here, so we added to the holding. Primark is a clear market share winner in Retail and has a long runway of growth from Europe and the US. The Grocery business has excellent brands with hidden value; headline division margins are about 10% but within that there are more profitable franchises including Twinings and Ovaltine and great growth and margin to come from the next tier of brands (e.g. Blue Dragon and Patak's). There are several loss making businesses in the group negatively valued by the market that we believe the management team will address. We therefore added to the position.

Pearson was one of the strongest performing shares in 2018 as the turnaround gained traction. The shares sold off post a results announcement that saw some softness in the legacy parts of the business. The transition to a digital publisher with leading market share remains on track and so we used the weakness to add to our holding. We are early in the recovery and the shares – in our view – have the potential to double. Pearson is transitioning from print education courseware to digital. Currently it has 40% market share of use in North America but captures only 20% of value due to the existence of second hand sales and book rental. Pearson is moving away from a selling model to a subscription access model – we believe it will create a more stable, higher margin and higher multiple business and therefore added to the position.

Surprisingly only 50% of people book their trip accommodation online. Bookings Holdings is a leading global online travel booking platform – it is an effective duopoly with Expedia and is well positioned to take advantage as this proportion rises. The company has a particularly strong European market position but also has significant potential to grow in the US and is adding Airbnb type accommodation alongside its traditional hotel and B&B offer. The company is a capital light, growth business and has great technology behind the website; it is rated on 15 times, yet growing earnings at 10% p.a. Therefore, we established a new holding in the stock.

We introduced a new position in the private equity group, 3i. This is a high return business which owns a range of attractive businesses with both growth and defensive characteristics. These include Action, an attractive discount retailer in Europe which is growing nicely, and Cirtec Medical, a medical devices business. We also hold 3i's management team in high regard.



# TM Stonehage Fleming Global Equities Umbrella Fund

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## Report of the Investment Manager

for the year ended 29th February 2020 (continued)

### Investment Report – TM Stonehage Fleming Core UK Equity Fund (continued)

Following a positive first half update Legal and General's share price was depressed over the period, and we took the opportunity to top up our holding. In our view this was driven predominantly by macro and political concerns evidenced by the stock's correlation with Sterling. We're not dismissive of the risks inherent in investing in financials and Life Insurance during a time of uncertainty, however, it is our judgement that Legal & General is well capitalised with a geographically diversified investment grade credit portfolio of which only a quarter of assets are invested in UK listed corporate credit, many of which have themselves highly diversified international businesses. Whilst Brexit remains an overhang, we focus on the longer-term operational progress of Legal & General, which has continued uninterrupted (despite domestic uncertainties) since the 2016 referendum, delivering consistent earnings progress.

*The largest sales:*

Royal Dutch Shell
BP
Tesco
GlaxoSmithKline
HSBC

We also sold some Royal Dutch Shell shares which had performed well into its highly credible strategy day. We continue to like the company in the long term as it grows production in a very disciplined way, harnessing new technologies such as the digital twinning of fields to radically cut costs.

We continued to sell down our holding in HSBC. It was evident from our meeting with John Flint, the CEO, that the trade ructions were beginning to impact trade volumes in their excellent trade finance business. HSBC also faces a tricky escalation in political tensions in its most profitable home market of Hong Kong.

Stonehage Fleming Investment Management Limited  
Based on material supplied by Majedie Asset Management Limited  
26th March 2020

# TM Stonehage Fleming Global Equities Umbrella Fund

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## Report of the Investment Manager

for the year ended 29th February 2020 (continued)

### Investment Report – TM Stonehage Fleming UK Equity Income Fund Fund Performance

	01/03/2019 to 29/02/2020
TM Stonehage Fleming Fund	-8.81%
FTSE 350 Index TR	-1.57%

Source:

FactSet. Total Fund returns are calculated on a NAV-NAV basis, net income reinvested, and performance shown net of all fees.

#### Overall view on markets and the fund's performance

Equity markets were strong in 2019 following a dramatic softening of the language coming out of the Federal Reserve in response to evidence of slowing economic growth in the US. The 180 degree turn from the US Federal Reserve caused investors to price in interest rate cuts and led to outperformance by stocks which are assumed to benefit from falling interest rates; bond proxies and growth stocks, while value stocks have fared very poorly.

Moving into January 2020 there was no let up for value stocks. The Boris bounce of December in these stocks was short lived as the economy weakened and Bank Of England members talked once again of easing. This meant banks and retailers were weak. Meanwhile, consumer staple stocks that we see as expensive, such as Unilever, performed very strongly, as did the tobacco stocks. Utilities also did well. The outlier was house builders, where positive news on house prices and a release of pent up demand allowed these stocks to hold onto their December gains and make further progress share price wise in January (we do not hold the house builders).

Growth stocks, although at stretched valuations, continued to perform well until late February. This growth stock outperformance trend has, at least temporarily, been halted as the coronavirus hit both value and growth stocks. The coronavirus will have an economic impact; however, we do not know how long it will last, how deep the impact will be nor what any offsetting fiscal and monetary policy might achieve. Right now, the market is panicking about coronavirus, but it is our job to put the valuations on offer into a long-term perspective. We believe that there is significant undervaluation in the portfolio today and on par with the undervaluation seen at the 2003 and 2009 stock market lows. Valuations are particularly attractive in banks, energy companies and some consumer cyclicals.

For the period 1st March 2019 to 29th February 2020, the TM Stonehage Fleming UK Equity Income Fund fell -8.8%, underperforming the FTSE 350 Index TR benchmark which fell -1.6%. Relative to the market, the Fund benefitted from positioning in Materials, while Energy, Financials and Consumer Discretionary names were the main detractors from performance. Largest contributors and detractors from performance are discussed below.

The Fund underperformed the benchmark for several reasons. The strength seen in equity markets in 2019 was in part due to a dramatic softening of the language coming out of the Federal Reserve in response to evidence of slowing economic growth in the US. This caused investors to price in interest rate cuts and led to outperformance by stocks which are assumed to benefit from falling interest rates; bond proxies and growth stocks, while value stocks (the style in which the Fund is invested) fared poorly.

The Fund holds many Brexit sensitive stocks which suffered during 2019 due to the continued uncertainty as to whether there would be a 'no-deal Brexit'. Even the bounce in these stocks post the general election in December 2019 was short lived as the economy weakened leading to the Bank of England talking about cutting interest rates further. This meant that banks and retailers were weak. Meanwhile, consumer staple stocks that we see as expensive, such as Unilever, performed very strongly, as did the tobacco stocks.

# TM Stonehage Fleming Global Equities Umbrella Fund

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## Report of the Investment Manager

for the year ended 29th February 2020 (continued)

### Investment Report – TM Stonehage Fleming UK Equity Income Fund (continued)

#### Contribution

Top 5 contributors:

Name	Contribution to Return
KDDI	0.48%
GlaxoSmithKline	0.47%
Smiths Group	0.44%
Barrick Gold	0.39%
Newmont	0.38%

#### KDDI

The company released its fourth quarter results in May which were roughly in line with expectations. The share price move was helped by an announcement of a \$1.4 billion share buyback program.

#### GlaxoSmithKline

The pharmaceutical improved its earnings forecast due to increasing sales of its vaccines.

#### Smiths Group

The share price increased 25% in 2019, it now trades on 18x 2020 expected earnings or 19x our estimate of normalised earnings of 90p and yields 2.6% by way of annual dividend.

#### Barrick Gold and Newmont Goldcorp

Gold miners Barrick Gold and Newmont Goldcorp were pushed higher by the strong gold price which has been buoyed by bets that trade and geopolitical tensions would re-emerge to spur further gains in 2020.

Bottom 5 detractors:

Name	Contribution to Return
BP	-1.10%
Royal Dutch Shell	-1.18%
Royal Bank of Scotland Group	-1.19%
Pearson	-1.34%
Marks and Spencer Group	-1.69%

#### BP and Royal Dutch Shell

Energy was a drag on relative performance, caused by a weaker economic outlook and a fall in the oil price.

#### Royal Bank of Scotland

UK banks Barclays and Royal Bank of Scotland struggled along with many UK stocks sensitive to news flow surrounding Brexit during 2019. A weak economic outlook resulted in a fall in interest rate expectations, putting pressure on the bank's returns.

#### Pearson

At the end of September 2019, the company announced earnings would be at the low end of the expected range due to weakness in sales to US universities.

#### Marks and Spencer Group

Marks and Spencer Group was weak during 2019 following the announcement of a rights issue at the end of February 2019 to raise up to £600m to help pay for a joint venture with Ocado that will allow the company to enter the online food market. The share price fell on worries that Marks and Spence had overpaid and a surprise 40% cut to its dividend pay-out.

# TM Stonehage Fleming Global Equities Umbrella Fund

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## Report of the Investment Manager

*for the year ended 29th February 2020 (continued)*

### Investment Report – TM Stonehage Fleming UK Equity Income Fund *(continued)* Purchases and Sales

#### Aviva

We established a position in Aviva towards the end of the period as we think that the share offers value at today's price. The shares yield over 7% and on an IFRS basis trade on a Price-to-Earnings ratio of 7x. On the management's favoured measure of solvency 2, the company is priced at a little over 10x earnings on today's level of profitability. If the management are successful in hitting their three-year targets, then the shares are priced at less than 8x Solvency 2 earnings and offer the prospect of between 50% and 100% upside. In this scenario, the dividend would be covered more than 1.5x by remittances from the group subsidiaries.

#### Dixons Carphone

Dixons Carphone's share price has dropped close to 80% since the end of 2015. A decline in mobile phone handset sales, as consumers move to sim-only deals and upgrade their phones less frequently, coupled with a move online for electrical retailing has put huge pressure on the business. However, new management appointed last year are moving quickly to turn the business around, addressing the legacy contracts with the mobile networks, which fall away in 2021 and growing the online electrical retailing revenues. We estimate a normalised EPS of 18p, with the shares currently trading on 6x this estimate.

#### Honda

Honda, as with peer OEMs, is very much out of favour as both secular and cyclical headwinds worry investors. Honda generates c. 30% of profits from motorcycles, holding number 1 rank globally, in a growing and relatively high margin business. It has net cash on its balance sheet of c. 30% of market capitalisation. With the potential for normalised EPS of JPY 400 the stock is priced on a PE of 6x.

#### ITV

ITV has been added to the portfolio. The stock currently yields 6% and valued on a PE of 10x of what we estimate to be normalised earnings. The balance sheet is strong, IG rating of BBB-, 1.3x reported net debt to adjusted EBITDA, the company aims to retain a robust balance sheet. They have a large content business, ITV Studios, which is growing strongly, has steady, attractive margins and is extremely important given the changing nature of TV.

#### Next PLC

We completed the sale of Next PLC. The company was held in the Fund since the GFC. We felt the share price reflected a full valuation at a PE ratio of 15x and a dividend yield of 2.5%. We felt other opportunities in the retail sector offered greater upside.

#### Newmont Goldcorp

Newmont acquired Goldcorp and Goldcorp shareholders received Newmont Goldcorp shares (and a small amount of cash). Therefore, the Fund now holds Newmont Goldcorp shares.

#### Royal Mail

Royal Mail is currently struggling with several issues including a decline in letter volumes, lack of productivity improvements and difficulty getting cost out of a declining UK business as Union negotiations prove challenging. However, new management have begun to tackle these issues and we believe investors are overlooking the value in its European parcels business, GLS, growing at 6% p.a., with a long-run margin potential of 6% to 7%. On its own GLS could account for the value of the company as represented by today's market cap, therefore getting the UK business for free.

#### Smiths Group

The share price increased 25% in 2019, it now trades on 18x 2020 expected earnings or 19x our estimate of normalised earnings of 90p and yields 2.6% by way of annual dividend. With our estimate of normalised earnings and cash flows that continue to be impacted by pension contributions and John Crane asbestos liabilities, we think the company share price is fully up with events.

#### Other

There are no collective vehicles held in the fund.

# TM Stonehage Fleming Global Equities Umbrella Fund

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## Report of the Investment Manager

*for the year ended 29th February 2020 (continued)*

### Investment Report – TM Stonehage Fleming UK Equity Income Fund *(continued)*

#### Market Commentary

Having peaked towards the end of February 2020, equity markets moved quickly in the face of the pandemic, with the worst returns coming in March. Significant stimulus measures from governments and central banks helped to bring back some calm to markets. Despite all the ongoing uncertainty surrounding the pandemic and the large negative shock to the global economy, equity markets started to recover in April and May.

#### Effect on Fund

For the period 29th February 2020 to 29th May 2020, the TM Stonehage Fleming UK Equity Income Fund fell -17.4%, underperforming the benchmark which fell -7.8%. The largest relative detractors were Information Technology, Utilities and Financials. Under Information Technology, Capita suffered a large drawdown, taking 3.7% off performance during the review period. A confluence of events undermined confidence in the company, with particular concerns around the strength of the balance sheet. Management have taken action to avoid any covenant breaches and are likely to take further action in the months ahead. Capita's outsourcing business is fundamentally a good business, however, current management is trying to repair years of aggressive growth and under investment. This recovery is likely to take longer than expected, but the shares are significantly undervalued, if management achieve their targets.

Centrica was also a large negative detractor from performance; the company was negatively impacted by the significant drop in oil prices (with Brent oil falling as much as 60% firstly on concerns on reduced demand, and secondly on a Russia/Saudi Arabia oil price war). The company is also facing the prospect of a rise in bad debts from customers unable to pay their energy bills, particularly business customers due to the COVID-19 lockdown. Management has ensured that the company has sufficient liquidity to see them through this period. Once beyond the crisis, with weaker players leaving the market and thus less competition, Centrica should return to profit levels that make today's share price a very attractive entry point. The Fund is overweight Financials relative to the benchmark; banks have suffered due to the worsening economic outlook and rising provisions for credit defaults. With a decline in interest rates (the Bank of England cut the base rate to just 0.1%), interest income will also come under pressure. In March, the banks were pressured by regulatory authorities into cancelling their dividends. While the banks will see higher loan losses, they have very strong capital positions to cope with these losses. In addition to the economic headwinds, there is a lot negative sentiment towards the banks and thus their shares are on very low valuations.

We expect to see a significant decline in distributions from our funds this year. Since March, 40% of the FTSE 350 by number have either cancelled or suspended their dividends, including cancelling dividends that were declared and some that had already gone ex-dividend. The increased level of volatility does herald a much better overwriting environment, which should help to mitigate some of the impact. However, we are cautious about writing call options on share prices that are deeply depressed as we would rather allow for a share price recovery rather than maximising income today.

It is difficult in this environment to find predictable, stable income. Highly rated sovereign and corporate bonds are offering yields that are negative or close to zero. Secure income from equities is also not very attractive, the most defensive companies are offering dividend yields c. 2%. However, these companies come with valuation risk. The 13 top global Household and Personal Products companies are valued on 30 times earnings. Were their valuations to fall to historic averages, this would spell significant capital losses. Value stocks, such as held in the Fund, offer much greater upside and a return to income once this period of economic pain is passed.

Stonehage Fleming Investment Management Limited  
Based on material supplied by RWC Asset Management LLP  
26th March 2020

# TM Stonehage Fleming Global Equities Umbrella Fund

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## Report of the Investment Manager

*for the year ended 29th February 2020 (continued)*

### Investment Report – TM Stonehage Fleming European All Cap Equity Fund

#### Investment Review

The Fund significantly underperformed the index over the period in review, returning -12.05%, net of fees and in sterling terms, against a 6.08% return by the MSCI Europe ex UK NR index.

Macro headwinds and stock specific setbacks made for an extremely challenging year for the portfolio. In May, eurozone government bonds yields turned negative (and remained negative for the rest of the year), revaluing large cap growth and low-volatility, defensive equities (far beyond reasonable valuations) and devaluing cyclicals and mid- and small-caps. This provided a headwind for our strategy. In addition, the portfolio faced some material stock-specific setbacks with too few positive compensations.

Stock selection provided the main source of weakness over the period, although sector allocation effects also weighed (albeit to a much lesser degree) on returns. Our significant overweight in communication services was the main culprit in terms of sector tilts. Turning to stock selection, the main laggards were our communication services, consumer staples and materials holdings.

ThyssenKrupp was the main laggard over the year despite our short-term tactical decision to temporarily reduce the weights of the few cyclical stocks that had an above-average position size in the portfolio (ThyssenKrupp included). Despite an already extremely low (and therefore attractive) valuation, fear and panic led to a further material drop in its share price after we reduced our weighting. Even the news of the long-awaited disposal of the company's elevators unit for a fair €17.2bn did nothing to stem the share price decline. With the disposal price now a cash certainty, we can firmly say that the valuation has reached a point where the share price is implying a negative value to the remainder cash (even after deducting 100% of all the group's liabilities, present and future) and the rest of the company's business units. We cannot say no to 'free lunches' and have added to our position again, albeit very slowly.

Liberty Global also lagged, with its shares trending lower for the latter half of 2019 and continuing lower after it reported uneventful results. The perceived political risks with the UK election at the end of the year led to further share price weakness. Liberty's lack of growth does not inspire a momentum-driven market. 'No growth' stocks are shunned by investors, but the consequential low valuation multiples of these companies can offer tremendous investment returns, either through buybacks, or the return of sales growth.

Nokia was another material laggard. It suffered a sharp share price fall following its Q3 results. Nokia's share price is notoriously volatile on results, and we have been here before. With 5G investments underway, Nokia should benefit from revenue tailwinds, and it is indeed winning its fair share of deals. This share price setback followed after the company shocked the market with a margin downgrade. Margins on very competitive land grab contracts seemed below average. This is not unusual, albeit difficult to quantify. There were also temporary cost issues (a supplier problem led to less efficient, higher cost component alternatives), which further pressured margins. In response, management reduced its long-term mid-point margin target from 14% to 13%.

The other main detractor came from set-top box and video editing and production specialist Technicolor. Soaring memory chip prices over 2016-2018 squeezed EBITDA at the set top box business by an aggregate €120m (or a third of group EBITDA) in that period. Memory chip prices collapsed back to the 2016 low levels, yet a sharp improvement in Technicolor's profitability (which was key to our investment case) failed to materialise in the second half of 2019. This compromised the group's free cash flow and balance sheet and necessitated a restructuring and significant capital increase.

#### Outlook

The recent sharp market drop reflects valid earnings worries: current earnings forecasts will be very volatile and unreliable. But how long will the coronavirus paralyse business activity? With uncertainty high, investors, now more than ever, should look past the current earnings turmoil and assess normalised cash flows that determine the fundamental, intrinsic value of businesses. Quantifying intrinsic value is not an exact science but nevertheless, an indispensable investment tool.

# TM Stonehage Fleming Global Equities Umbrella Fund

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## Report of the Investment Manager

*for the year ended 29th February 2020 (continued)*

### Investment Report – TM Stonehage Fleming European All Cap Equity Fund *(continued)*

#### Outlook *(continued)*

The Fund's upside to intrinsic value remains significant. It is difficult, if not impossible to predict the future, so our intrinsic value assessment will not be completely accurate, but the potential impact of current economic turmoil can be quantified in relation to a company's intrinsic value.

A dramatic few months saw global financial markets roiled by the global Coronavirus pandemic and associated economic deep freeze. The economic carnage wrought by state-imposed lockdowns across the world, introduced to contain the Covid-19 virus, led to an unprecedented response from national governments and central banks. European equity markets fell sharply in March, but bounced off their lows after central banks and governments across Europe engaged in massive fiscal and monetary stimulus in order to mitigate the jump in unemployment and collapse in citizens' incomes, as well as keep afloat swathes of the corporate sector. Equity markets recovered strongly in April and May as central bank and government economic stimulus packages were expanded, and the rates of new daily infections progressively declined, providing the foundation to start planning for an easing of restrictions in most European countries.

For the portfolio, it was a game of two halves as a sharp fall (in both an absolute and relative sense) in March, offset the markedly better relative performance in April and May. Although the portfolio benefited through the sell-off from not being invested in financials, a large proportion of our assets were invested in small and mid-caps. These names were especially exposed to the lockdowns and significantly underperformed as an asset class. To manage risk, in early March we cut back position sizes of a few heavyweight mid-caps (such as Ceconomy and Aryzta) and other small caps where the impact of lockdowns would probably be very direct: i.e. Elixior (food catering to schools, industry), Lagardere (travel retail in airports), Solocal (digital presence for French SMEs), but the portfolio still suffered materially. Nevertheless in April and May, some of the Covid-19-induced share price falls were proved to be unwarranted; Dutch natural ingredients provider Corbion posted good first quarter results and its share price recovered strongly in April. Lagardere also performed well with speculative action the main driver of its share price performance.

Stonehage Fleming Investment Management Limited  
Based on material supplied by RWC Asset Management LLP  
26th March 2020

# TM Stonehage Fleming Global Equities Umbrella Fund

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## **Constitution**

TM Stonehage Fleming Global Equities Umbrella Fund (the “Trust”) 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 Trust is a UCITS type scheme then being a category of authorised scheme for the purposes of COLL 1.2.1R.

The base currency of the Trust is Pounds Sterling.

There is no cross liability between all sub-funds held TM Stonehage Fleming Global Equities Umbrella Fund.

## **Sub-fund Cross-Holdings**

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

## **Regulatory Disclosure**

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

Past performance is not necessarily a guide to future performance. The value of 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 Trust 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 Umbrella Fund

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## Remuneration Disclosures *(unaudited)*

The provisions of the UCITS V Directive took effect on 18th March 2016. That legislation requires the Thesis Unit Trust Management Limited (the “Manager”), 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 Trust nor impair compliance with the Manager’s duty to act in the best interest of the Trust.

The Manager 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 Manager 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 Trust.

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

The total remuneration of those individuals considered to comprise the entire staff of the Manager and its subsidiary, including those whose time is allocated between group entities, for the financial year ended 30th April 2019, is analysed below:

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

The staff members included in the above analysis support the entirety of the funds managed by the Manager. A breakdown of these figures in relation to each fund managed by the Manager 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”), 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

29th June 2020

# TM Stonehage Fleming Global Equities Umbrella Fund

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## Responsibilities of the Manager

The Collective Investment Schemes sourcebook (“COLL Rules”) 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 Trust and of the net revenue/expense and net capital gains/losses on the property of the Trust 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 Trust’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 Trust 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 Trust in accordance with its Trust Deed, the Prospectus and the COLL Rules.

Thesis Unit Trust Management Limited  
Manager  
West Sussex  
29th June 2020

# TM Stonehage Fleming Global Equities Umbrella Fund

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## Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of TM Stonehage Fleming Global Equities Umbrella Fund (the "Trust") for the Year Ended 29th February 2020

The Trustee must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes 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 Trust and its investors.

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

The Trustee must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust 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 Trust is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager (the "AFM") are carried out (unless they conflict with the Regulations).

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

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust'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 Trust.

Northern Trust Global Services SE UK Branch  
UK Trustee and Depositary Services  
29th June 2020

# TM Stonehage Fleming Global Equities Umbrella Fund

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## Independent auditors' report to the Unitholders of TM Stonehage Fleming Global Equities Umbrella Fund Report on the audit of the financial statements

### Opinion

In our opinion, TM Stonehage Fleming Global Equities Umbrella Fund's financial statements:

- give a true and fair view of the financial position of the Trust and each of the sub-funds as at 29 February 2020 and of the net revenue and the net capital gains/losses on the scheme property of the Authorised Unit Trust and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

TM Stonehage Fleming Global Equities Umbrella Fund (the "Trust") is an Authorised Unit Trust with three sub-funds. The financial statements of the Trust comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: the balance sheets as at 29 February 2020; the statements of total return and the statements of change in net assets attributable to unitholders for the year then ended; the distribution tables; the accounting policies (in the Statement of Accounting Policies, Distribution Policies and Risk Management Policies); and the notes to the financial statements.

### Basis for opinion

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

### Independence

We remained independent of the Trust 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.

### Emphasis of matter – financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2(a) (Basis of preparation on page 22) to the financial statements of the TM Stonehage Fleming Core UK Equity Fund which describes the Manager's reasons why the financial statements of this sub-fund have been prepared on a basis other than going concern.

### Conclusions relating to going concern

Other than in relation to the TM Stonehage Fleming Core UK Equity Fund, as described in the Emphasis of matter above, we have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's or any of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

### 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.

# TM Stonehage Fleming Global Equities Umbrella Fund

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

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.

### *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 set out on page 17, 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 Trust's and each of the sub-funds' 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 Trust or individual sub-fund, or has no realistic alternative but to do so.

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

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

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 Trust'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.

### **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.

# TM Stonehage Fleming Global Equities Umbrella Fund

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
29th June 2020

# TM Stonehage Fleming Global Equities Umbrella Fund

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

for the year ended 29th February 2020

### 1. Statement of Compliance

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

### 2. Summary of Significant Accounting Policies

#### a) Basis of Preparation

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

TM Stonehage Fleming Core UK Equity Fund ceased investment activity on 17th December 2019, and has commenced winding up. The financial statements have been prepared on a basis other than going concern. In applying this basis of preparation, the assets and liabilities of the sub-fund continue to be stated at their fair values, which materially equate to their realisable values, to provide for liabilities arising from the termination or to reclassify fixed assets and long-term liabilities as current assets and liabilities. The comparative financial statements continue to be prepared on a going concern basis.

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

#### b) Efficient Portfolio Management

Where appropriate, certain permitted transactions such as derivatives or forward foreign currency transactions are used for efficient portfolio management. Where such transactions are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in 'Revenue' or 'Expenses' in the Statement of Total Return. Where such transactions are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net capital gains/(losses)' in the Statement of Total Return. Any positions on such transactions open at the year-end are reflected in the Balance Sheet at their fair value.

#### c) Functional and Presentation Currency

The functional and presentation currency of the Trust is Pounds Sterling.

#### d) 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 instruments' initial carrying amount and disposal amount.

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.

#### e) 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 close of business on the last working day of the accounting year.

#### f) 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. Bank interest and other revenue are recognised on an accrual basis.

Option premium received by the Trust is amortised to revenue over the option term where the option is "Out of the Money" at the time the contract is written. Option premium is taken to capital for options that are "In the Money" at the time of writing.

Distributions from collective investment schemes are included in the property when the security is quoted ex-dividend. Management fee rebates from underlying collective investment schemes is 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.

# TM Stonehage Fleming Global Equities Umbrella Fund

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

for the year ended 29th February 2020 (continued)

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

#### f) Revenue (continued)

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 Trust. Any tax treatment would follow the accounting treatment of the principal amount.

#### g) 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.

#### h) 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 Trust will allocate any surplus net revenue as a dividend distribution. Distributions of revenue of the Trust 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 Trust in respect of the accounting year concerned, after deducting net charges and expenses paid or payable out of such revenue.

The Manager's service charge is taken to capital for the purposes of calculating income available for distribution.

#### 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 Trust 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 Trust can be exposed to market risk by virtue of its investment into equities and other financial instruments. The Trust 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 Trust's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.



# TM Stonehage Fleming Global Equities Umbrella Fund

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## Statement of Accounting Policies, Distribution Policies, and Risk Management Policies for the year ended 29th February 2020 (continued)

### 4. Risk Management Policies (continued)

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

The Trust 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.

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

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

The Trust 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. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rate.

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

#### *Liquidity risk*

Liquidity risk is the risk that the Trust is unable to meet its obligations as they fall due. The main liability of the Trust 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 Trust. To the extent that a counterparty defaults on its obligation and the Trust 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 Trust'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 29th February 2020 in relation to each class of recognised financial assets including derivatives, is the carrying amount of those assets in the balance sheet.

#### **Exposure**

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

# TM Stonehage Fleming Global Equities Umbrella Fund

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## Statement of Accounting Policies, Distribution Policies, and Risk Management Policies for the year ended 29th February 2020 (continued)

### 4. Risk Management Policies (continued)

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

Procedures are in place to review the Trust'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 Trust is also monitored through a daily check which assesses the Trust'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 Trust's makeup or units traded in the Trust. 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 Trust, testing for any negative balances and balances in excess of £1m. Any balances highlighted are discussed with the Investment Manager to ensure that the Trust does not take on any unnecessary counterparty risk with the relevant bank and that the strategy is being adhered to.

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

### Portfolio Statement

as at 29th February 2020

Holdings	Market value £	Percentage of total net assets %
<b>EQUITIES 0.00% (89.86%)</b>		
Canada 0.00% (2.17%)		
France 0.00% (2.70%)		
Ireland 0.00% (1.32%)		
Isle Of Man 0.00% (0.42%)		
Italy 0.00% (0.27%)		
Japan 0.00% (0.13%)		
Netherlands 0.00% (1.18%)		
South Africa 0.00% (0.46%)		
Switzerland 0.00% (1.03%)		
United Kingdom 0.00% (79.42%)		
United States 0.00% (0.76%)		
<b>COLLECTIVE INVESTMENT SCHEMES 0.00% (7.46%)</b>		
United Kingdom 0.00% (7.46%)		
Net investments 0.00% (97.32%)	—	—
Net other liabilities	—	—
<b>Total net assets</b>	—	—

Note: Comparative figures shown in brackets relate to 28th February 2019.

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming Core UK Equity Fund

### Sub-fund Information

The Comparative Table on pages 31 and 32 gives the performance of the only active unit class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Table is calculated as the return after operating charges per unit divided by the opening net asset value per unit. It differs from the sub-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 sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

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

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

### Assesment of Value

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

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming Core UK Equity Fund

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

#### Assessment of Value *(continued)*

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.

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.

If any assessments determine an aspect of a fund does not provide the best value for its investors, work is done to identify the specific issues and remedial action taken where necessary.

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

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

### Assesment of Value *(continued)*

Further details of our value assessment, with a particular focus on the Investment Manager, are shown below:

<b>Value consideration</b>	<b>What we considered</b>	<b>Analysis and actions taken</b>	<b>Offers Value</b>
<b>Quality of service</b>	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	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.  We are satisfied that the Investment Manager continues to meet our requirements and provides a good quality of service.	Yes
<b>Performance</b>	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 the period since launch. The fund is being actively managed in accordance with the investment objective and policy.	Yes
<b>Costs</b>	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).  In funds with multiple share classes the comparison is undertaken using the active share class with the highest charges.	At a fund size of £10 million 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
<b>Economies of Scale</b>	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

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

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

#### Assesment of Value *(continued)*

<b>Value consideration</b>	<b>What we considered</b>	<b>Analysis and actions taken</b>	<b>Offers Value</b>
<b>Comparable market rates</b>	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. We are satisfied the higher OCF is acceptable in the context of the overall value of the fund	Yes
<b>Comparable services</b>	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 higher than the OCF of other similar funds that we operate. We are satisfied the higher OCF is acceptable in the context of the overall value of the fund	Yes
<b>Classes of shares</b>	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 fund only has two classes of shares in issue.	Yes

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

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

#### Comparative Tables

##### *A Inc*

	<i>29/02/2020<sup>1</sup></i> <i>(pence per unit)</i>	<i>28/02/2019</i> <i>(pence per unit)</i>	<i>28/02/2018</i> <i>(pence per unit)</i>
<b>Change in Net Asset Value per Unit</b>			
Opening net asset value per unit	174.15	182.16	187.14
Return before operating charges*	13.39	0.54	2.66
Operating charges	(1.40)	(1.54)	(1.63)
Return after operating charges*	11.99	(1.00)	1.03
Distributions on income units	(5.94)	(7.01)	(6.01)
Last quoted share price	180.20	–	–
Closing net asset value per unit	–	174.15	182.16
*After direct transaction costs of :	0.22	0.21	0.35
<b>Performance</b>			
Return after charges	6.88%	(0.55)%	0.55%
<b>Other Information</b>			
Closing net asset value (£'000)	–	55,341	71,345
Closing number of units	–	31,777,992	39,165,379
Operating charges <sup>2</sup>	1.03%	0.84%	0.86%
Direct transaction costs	0.11%	0.11%	0.18%
<b>Prices</b>			
Highest unit price	182.30	202.29	196.70
Lowest unit price	165.70	163.00	178.00

<sup>1</sup> A Inc Units were fully redeemed on 17th December 2019.

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



# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming Core UK Equity Fund

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

#### Comparative Tables

*B Inc*

	29/02/2020 <sup>1</sup> <i>(pence per unit)</i>
<b>Change in Net Asset Value per Unit</b>	
Opening net asset value per unit	177.50
Return before operating charges	6.96
Operating charges	(0.34)
Return after operating charges	6.62
Distributions on income units	(2.52)
Last quoted share price	181.60
Closing net asset value per unit	–
 *After direct transaction costs of :	 0.06

#### Performance

Return after charges	3.73%
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#### Other Information

Closing net asset value (£'000)	–
Closing number of units	–
Operating charges <sup>2</sup>	2.08%
Direct transaction costs	0.06%

#### Prices

Highest unit price	182.10
Lowest unit price	169.70

<sup>1</sup> Initial subscriptions were made on 1st April 2019 and were fully redeemed on 7th August 2019.

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

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming Core UK Equity Fund

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

#### Risk and Reward Indicator ("RRI")

As the sub-fund is no longer open to investors, the RRI table is no longer relevant.

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

### Statement of Total Return

for the year ended 29th February 2020

		£'000	2020 £'000	£'000	2019 £'000
	Notes				
Income					
Net capital gains/(losses)	5		1,560		(2,582)
Revenue	7	1,731		2,771	
Expenses	8	(366)		(582)	
Interest payable and similar charges		—		—	
Net revenue before taxation		1,365		2,189	
Taxation	9	(18)		(7)	
Net revenue after taxation for the year			1,347		2,182
<b>Total return before distributions</b>			<b>2,907</b>		<b>(400)</b>
Distributions	10		(1,612)		(2,691)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>1,295</b>		<b>(3,091)</b>

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

for the year ended 29th February 2020

		£'000	2020 £'000	£'000	2019 £'000
<b>Opening net assets attributable to unitholders</b>			<b>55,341</b>		<b>71,345</b>
Amounts receivable on issue of units		300		6,251	
Amounts payable on cancellation of units		(56,936)		(19,164)	
			<b>(56,636)</b>		<b>(12,913)</b>
Change in net assets attributable to unitholders from investment activities			<b>1,295</b>		<b>(3,091)</b>
<b>Closing net assets attributable to unitholders</b>			<b>—</b>		<b>55,341</b>

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming Core UK Equity Fund

### Balance Sheet

as at 29th February 2020

	Notes	29/02/2020 £'000	28/02/2019 £'000
<b>Assets</b>			
Fixed assets:			
Investments		–	53,858
Current assets:			
Debtors	11	7	733
Cash and bank balances		<u>32</u>	<u>1,346</u>
<b>Total assets</b>		<u><b>39</b></u>	<u>55,937</u>
<b>Liabilities</b>			
Creditors:			
Bank overdrafts		<b>(15)</b>	(10)
Distribution payable	10	–	(390)
Other creditors	12	<u><b>(24)</b></u>	<u>(196)</u>
<b>Total liabilities</b>		<u><b>(39)</b></u>	<u>(596)</u>
<b>Net assets attributable to unitholders</b>		<u><u>–</u></u>	<u><u>55,341</u></u>

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

### Notes to the Financial Statements

for the year ended 29th February 2020

#### 1. Accounting Policies

The accounting, distribution and risk management policies for notes 1 to 4 are provided on pages 22 to 25.

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

Net capital gains/(losses) comprise:

	2020 £'000	2019 £'000
Non-derivative securities	1,581	(2,560)
Currency gains/(losses)	9	(7)
Transaction charges	(30)	(15)
Net capital gains/(losses)	<u>1,560</u>	<u>(2,582)</u>

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

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs, please refer to the additional portfolio transaction cost information on page 27.

##### Analysis of direct transaction costs for the year ended 29th February 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	9,119	4	39	9,162	0.04	0.43
	<u>9,119</u>	<u>4</u>	<u>39</u>	<u>9,162</u>		
<b>Sales</b>						
Collective Investment Schemes	4,328	–	–	4,328	–	–
Equities	60,322	(15)	(1)	60,306	0.02	–
	<u>64,650</u>	<u>(15)</u>	<u>(1)</u>	<u>64,634</u>		
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		0.05%	0.11%			

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

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

Analysis of direct transaction costs for the year ended 28th February 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Collective Investment Schemes	162	–	–	162	–	–
Equities	15,114	6	66	15,186	0.04	0.44
	15,276	6	66	15,348		
<b>Sales</b>						
Collective Investment Schemes	1,750	–	–	1,750	–	–
Equities	27,147	(7)	(1)	27,139	0.03	–
	28,897	(7)	(1)	28,889		
<b>Derivative purchases and sales</b>						
		–	–			
<b>Total cost as percentage of average net asset value</b>		<b>0.02%</b>	<b>0.09%</b>			

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was Nil% (28th February 2019: 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

	2020 £'000	2019 £'000
Franked CIS revenue	35	148
Franked PID revenue	2	–
Franked UK dividends	1,570	2,413
Overseas dividends	109	185
Unfranked PID revenue	15	25
	<b>1,731</b>	<b>2,771</b>

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming Core UK Equity Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

#### 8. Expenses

	2020 £'000	2019 £'000
<b>Payable to the Manager or associates of the Manager:</b>		
Manager's service charge	281	509
	281	509
<b>Payable to the Trustee or associates of the Trustee:</b>		
Trustee's fee	13	26
Safe custody charges	(1)	3
	12	29
<b>Other expenses:</b>		
Administration fees	23	23
Audit fees <sup>1</sup>	11	11
Legal fees	–	3
Printing fees	2	1
Professional fees	10	–
Registration fees	27	6
	73	44
<b>Total expenses</b>	<b>366</b>	<b>582</b>

<sup>1</sup> Total audit fees of £11,460 (28th February 2019: £10,920), inclusive of VAT.

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

#### 9. Taxation

	2020 £'000	2019 £'000
<b>a) Analysis of charge for the year:</b>		
Irrecoverable income tax	–	–
Overseas withholding tax	18	7
<b>Total current tax</b>	<b>18</b>	7
Deferred tax charge	–	–
<b>Total taxation</b>	<b>18</b>	7
<b>b) Factors affecting taxation charge for the year:</b>		
Net revenue before tax	1,365	2,189
Net revenue multiplied by the standard rate of corporation tax of 20% (2019: 20%)	273	438
Effects of:		
Excess management expenses not utilised	70	111
Franked CIS revenue	(7)	–
Franked UK dividends	(314)	(512)
Non-taxable overseas dividends	(22)	(37)
Overseas withholding tax	18	7
<b>Total tax charge (note 9a)</b>	<b>18</b>	7
<b>c) Deferred tax</b>		
Deferred tax charge (note 9a)	–	–
Provision at start of year	–	–
<b>Provision at end of year</b>	–	–

The sub-fund has not recognised a deferred tax asset of £2,835,224 (28th February 2019: £2,764,679) arising as a result of having unutilised management expenses. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise the amount and therefore, no deferred tax asset has been recognized in the current or prior year.



# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (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:

	2020 £'000	2019 £'000
First quarter distribution	694	914
Interim distribution	485	779
Third quarter distribution	336	569
Final distribution	–	390
	<u>1,515</u>	<u>2,652</u>
Add: Revenue deducted on units cancelled	97	58
Deduct: Revenue received on units created	–	(19)
<b>Net distribution for the year</b>	<u><u>1,612</u></u>	<u><u>2,691</u></u>

#### Reconciliation between net revenue and distribution

	2020 £'000	2019 £'000
Net revenue after taxation	1,347	2,182
Add: Expenses allocated to capital	281	509
Deduct: Revenue carried forward	(16)	–
	<u>1,612</u>	<u>2,691</u>

#### 11. Debtors

	2020 £'000	2019 £'000
Accrued revenue	–	307
Amount receivable for issue of units	–	400
Overseas tax recoverable	–	4
Other receivables	7	–
Sales awaiting settlement	–	22
	<u>7</u>	<u>733</u>

#### 12. Other creditors

	2020 £'000	2019 £'000
Accrued expenses	24	63
Purchases awaiting settlement	–	133
	<u>24</u>	<u>196</u>

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

#### 13. Related Parties

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

Thesis Unit Trust Management Limited acts as principal on all the transactions of units in the Trust. 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. £161 (28th February 2019: £32,667) is the amounts payable at the year end.

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

<sup>1</sup> There were no Investment Manager's periodic charges due to the previous manager, Stonehage Fleming Investment Management Limited.

#### 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 29th February 2020 (28th February 2019: £Nil).

#### 16. Unit Classes

Prior to closure, the sub-fund currently has 2 unit classes: A Inc and B Inc. The distribution per unit is given in the distribution tables on pages 45 and 46 .

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

A Inc	0.06%
B Inc	1.06%

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

Class	Opening Units	Units Created	Units Liquidated	Units Converted	Closing Units
A Inc	31,777,992	170,455	(25,617,028)	(6,331,419)	–
B Inc	–	–	(6,331,419)	6,331,419	–

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

#### 17. Financial Instruments

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

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

#### 18. Risks Disclosures

- *Market price risk* - risk management policies surrounding this risk are discussed in note 4 on pages 23 to 25.

At 29th February 2020, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £Nil (28th February 2019: £2,692,891).

- *Foreign currency risk* - risk management policies surrounding this risk are discussed in note 4 on pages 23 to 25.

There was no foreign currency exposure as at 29th February 2020.

Foreign currency exposure as at 28th February 2019:

	Monetary Exposures 2019 £'000	Non Monetary Exposures 2019 £'000	Total 2019 £'000
Currency			
Danish kroner	1	–	1
Euro	–	3,029	3,029
Japanese yen	–	73	73
Norwegian krone	3	–	3
Pound sterling	1,479	48,040	49,519
Swiss franc	–	570	570
US dollar	–	2,146	2,146
	1,483	53,858	55,341

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

#### 18. Risks Disclosures (continued)

- *Interest rate risk* - risk management policies surrounding this risk are discussed in note 4 on pages 23 to 25.

#### Interest rate risk profile of financial assets as at 29th February 2020:

Currency	Floating Rate	Fixed Rate	Financial Assets	Total
	Financial		Not Carrying	
	Assets		Interest	
	2020	2020	2020	2020
	£'000	£'000	£'000	£'000
Pound sterling	32	–	–	32
	32	–	–	32

#### Interest rate risk profile of financial assets as at 28th February 2019:

Currency	Floating Rate	Fixed Rate	Financial Assets	Total
	Financial		Not Carrying	
	Assets		Interest	
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
Euro	10	–	3,029	3,039
Japanese yen	–	–	73	73
Pound sterling	1,336	–	48,040	49,376
Swiss franc	–	–	570	570
US dollar	–	–	2,146	2,146
	1,346	–	53,858	55,204

#### Interest rate risk profile of financial liabilities as at 29th February 2020:

Currency	Floating Rate	Financial	Total
	Financial	Liabilities Not	
	Liabilities	Carrying	
	2020	Interest	2020
	£'000	£'000	£'000
Pound sterling	(15)	–	(15)
	(15)	–	(15)

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

#### 18. Risks Disclosures (continued)

Interest rate risk profile of financial liabilities as at 28th February 2019:

	Floating Rate Financial Liabilities 2019 £'000	Financial Liabilities Not Carrying Interest 2019 £'000	Total 2019 £'000
Currency			
Euro	(10)	–	(10)
	(10)	–	(10)

Please note that short term debtors and creditors are excluded in the interest rate risk tables above.

The sub-fund's net cash holdings of £17,633 (28th February 2019: £1,335,490) are held in floating rate deposit accounts, whose rates are determined by reference to LIBOR or an international equivalent borrowing rate.

- *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.

The sub-fund no longer held any investment as at 17th December 2019.

Valuation technique as at 28th February 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equities	49,731	–	–	49,731
Collective Investment Schemes	–	4,127	–	4,127
	49,731	4,127	–	53,858

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).

- *Derivative risks* - the Manager has entered into options contracts during the year for the purpose of hedging any foreign currency exposure arising from investments in underlying funds

#### 19. Leverage

There are two ways in which the Manager can introduce leverage to the sub-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 sub-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 sub-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 sub-fund within these levels at all times.

As at year end 29th February 2020, the total leverage in the sub-fund is 0%. The sub-fund's NAV is £Nil.

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

### Distribution Tables

for the year ended 29th February 2020

#### First Interim Distribution A Inc (in pence per unit)

Group 1: Units purchased prior to 1st March 2019

Group 2: Units purchased from 1st March 2019 to 31st May 2019

Group	Net Income	Equalisation (note 14)	2019 Net Distribution Paid	2018 Net Distribution Paid
1	2.5255	–	2.5255	2.3210
2	2.3481	0.1774	2.5255	2.3210

#### First Interim Distribution B Inc (in pence per unit)

Group 1: Units purchased prior to 1st March 2019

Group 2: Units purchased from 1st March 2019 to 31st May 2019

Group	Net Income	Equalisation*	2019 Net Distribution Paid	2018 Net Distribution Paid**
1	2.5239	–	2.5239	–
2	2.5239	–	2.5239	–

#### Second Interim Distribution A Inc (in pence per unit)

Group 1: Units purchased prior to 1st June 2019

Group 2: Units purchased from 1st June 2019 to 31st August 2019

Group	Net Income	Equalisation*	2019 Net Distribution Payable	2018 Net Distribution Paid
1	2.0182	–	2.0182	1.9953
2	2.0182	–	2.0182	1.9953

#### Second Interim Distribution B Inc (in pence per unit)\*\*\*

Group 1: Units purchased prior to 1st June 2019

Group 2: Units purchased from 1st June 2019 to 31st August 2019

Group	Net Income	Equalisation*	2019 Net Distribution Payable	2018 Net Distribution Paid**
1	–	–	–	–
2	–	–	–	–

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming Core UK Equity Fund

### Distribution Tables

for the year ended 29th February 2020 (continued)

Group 1: Units purchased prior to 1st September 2019

Group 2: Units purchased from 1st September 2019 to 30th November 2019

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	1.3970	–	1.3970	1.4641
2	1.3970	–	1.3970	1.4641

### Final Distribution A Inc (in pence per unit)\*\*\*\*

Group 1: Units purchased prior to 1st December 2019

Group 2: Units purchased from 1st December 2019 to 29th February 2020

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Paid*****	2019 Net Distribution Paid
1	–	–	–	1.2286
2	–	–	–	1.2286

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

\*\* There were no active units in the prior period hence, no distribution is presented.

\*\*\* B Inc units were fully redeemed on 7th August 2019.

\*\*\*\* A Inc units were fully redeemed on 17th December 2019.

\*\*\*\*\* There were no active units at the end of the period hence, no distribution is presented.

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Portfolio Statement

as at 29th February 2020

Holdings	Market value £	Percentage of total net assets %
<b>EQUITIES 98.39% (96.11%)</b>		
<b>Canada 1.38% (1.65%)</b>		
27,839 Barrick Gold	413,507	1.38
<b>Finland 0.93% (1.25%)</b>		
94,185 Nokia	277,753	0.93
<b>France 2.31% (2.85%)</b>		
20,957 Total	692,043	2.31
<b>Germany 0.00% (1.82%)</b>		
<b>Ireland 1.42% (1.26%)</b>		
238,322 AIB Group	424,047	1.42
<b>Italy 1.51% (1.64%)</b>		
47,222 Eni	453,183	1.51
<b>Japan 3.86% (2.32%)</b>		
17,100 Honda Motor	345,180	1.15
36,800 KDDI	809,240	2.71
	<b>1,154,420</b>	<b>3.86</b>
<b>Netherlands 1.34% (1.56%)</b>		
212,384 KPN	402,199	1.34
<b>Norway 0.00% (1.49%)</b>		
<b>Singapore 2.06% (2.05%)</b>		
367,800 Singapore Telecommunications	615,745	2.06
<b>United Kingdom 76.97% (71.17%)</b>		
60,302 Anglo American	1,080,371	3.61
210,803 Aviva	739,286	2.47
953,247 Barclays	1,417,860	4.74
384,028 BP	1,520,751	5.08
287,332 BT Group	406,805	1.36
1,122,157 Capita	1,450,388	4.84
1,596,623 Centrica	1,151,484	3.85
50,500 Ck Hutchison Holdings Ltd	342,184	1.14
600,664 Dixons Carphone	731,008	2.44
57,427 GlaxoSmithKline	897,125	3.00
296,996 ITV	345,406	1.15



# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Portfolio Statement

as at 29th February 2020 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>United Kingdom (continued)</b>		
381,123 Kingfisher	721,466	2.41
708,042 Marks & Spencer	1,121,539	3.75
219,058 Pearson	1,221,467	4.08
770,532 Royal Bank of Scotland	1,376,555	4.60
76,407 Royal Dutch Shell 'B'	1,271,107	4.25
424,010 Royal Mail	688,804	2.30
206,422 RSA Insurance Group	1,070,917	3.58
280,149 Serco Group	427,227	1.43
3,851 Smiths Group	59,036	0.20
264,938 Standard Chartered	1,490,541	4.98
736,190 Tesco	1,682,194	5.62
690,619 Vodafone Group	927,778	3.10
523,473 WM Morrison Supermarkets	895,924	2.99
	<b>23,037,223</b>	<b>76.97</b>
<b>United States 6.61% (7.05%)</b>		
5,701 AmerisourceBergen	374,833	1.25
28,715 HP	465,721	1.56
2,638 Johnson & Johnson	276,755	0.93
3,853 McKesson	420,393	1.40
12,635 Newmont Goldcorp	439,813	1.47
	<b>1,977,515</b>	<b>6.61</b>
<b>TOTAL EQUITIES</b>	<b>29,447,635</b>	<b>98.39</b>
<b>FINANCIAL DERIVATIVE INSTRUMENTS -0.10% (-0.25%)</b>		
<b>Equity Options -0.10% (-0.25%)</b>		
<b>Eurozone -0.01% (0.00%)</b>		
(12,508) Call Aib Group Plc at €3.49 16/04/20	(18)	—
(9,445) Call Eni Spa at €14.22 14/05/20	(131)	—
(11,605) Call Eni Spa at €14.91 18/03/20	(13)	—
(14,360) Call Eni Spa at €14.94 16/04/20	(55)	—
(60,500) Call Koninklijke at €2.93 18/03/20	(2)	—
(42,091) Call Koninklijke Kpn Nv at €2.66 14/05/20	(116)	—
(51,665) Call Koninklijke Kpn Nv at €2.91 16/04/20	(179)	—
(9,870) Call Nokia Oyj at €4.21 18/03/20	(83)	—
(14,300) Call Nokia Oyj at €4.56 16/04/20	(330)	—
(22,605) Call Nokia Oyj at €4.76 14/05/20	(705)	(0.01)
(5,030) Call Total Sa at €47.96 14/05/20	(385)	—
(5,301) Call Total Sa at €51.75 16/04/20	(66)	—

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Portfolio Statement

as at 29th February 2020 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>Eurozone (continued)</b>		
(3,208) Call Total Sa at €52.08 18/03/20	(30)	–
	<b>(2,113)</b>	<b>(0.01)</b>
<b>Finland 0.00% (0.00%)</b>		
<b>France 0.00% (-0.01%)</b>		
<b>Germany 0.00% (-0.01%)</b>		
<b>Italy 0.00% (0.00%)</b>		
<b>Japan 0.00% (0.00%)</b>		
(7,900) Call Kddi Corp at ¥3598.7 14/05/20	(390)	–
(9,500) Call Kddi Corp at ¥500.08 16/04/20	(313)	–
(7,500) Call Kddi Corp at ¥506.72 18/03/20	(27)	–
	<b>(730)</b>	–
<b>Netherlands 0.00% (-0.02%)</b>		
<b>Norway 0.00% (0.00%)</b>		
<b>Singapore 0.00% (0.00%)</b>		
(93,300) Call Singapore at \$3.55 16/04/20	(2)	–
(73,500) Call Singapore Tel at \$3.42 14/05/20	(52)	–
(74,500) Call Singapore Telecomms at \$3.57 18/03/20	–	–
	<b>(54)</b>	–
<b>United Kingdom -0.04% (-0.18%)</b>		
(7,655) Call Anglo Am Plc at £419.83 18/03/20	(14)	–
(18,091) Call Anglo American Plc at £2292 14/05/20	(1,012)	(0.01)
(15,370) Call Anglo Plc at £463.54 16/04/20	(137)	–
(31,667) Call Aviva Plc at £449.92 14/05/20	(156)	–
(12,880) Call Aviva Plc at £456.54 16/04/20	(59)	–
(190,650) Call Barclays Plc at £188.04 14/05/20	(681)	–
(164,042) Call Barclays Plc at £192.41 16/04/20	(157)	–
(88,530) Call Bp Plc at £493.32 14/05/20	(879)	–
(79,178) Call Bp Plc at £515.73 18/03/20	(125)	–
(77,850) Call Bp Plc at £534.62 16/04/20	(210)	–
(244,249) Call Capita Plc at £179.67 14/05/20	(1,578)	(0.01)
(192,985) Call Capita Plc at £211.13 16/04/20	(168)	–
(115,007) Call Capita Plc at £227.79 18/03/20	(8)	–
(16,832) Call Glaxo at £762.02 14/05/20	(1,774)	(0.01)

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Portfolio Statement

as at 29th February 2020 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>United Kingdom (continued)</b>		
(12,121) Call Gsk Plc at £915.52 18/03/20	(21)	–
(11,641) Call Gsk Plc at £956.76 16/04/20	(94)	–
(29,699) Call Itv Plc at £156.8 14/05/20	(186)	–
(46,058) Call Itv Plc at £184.62 16/04/20	(67)	–
(71,767) Call M & S Group Plc at £266.4 18/03/20	–	–
(172,242) Call Marks & S Plc at £215.13 16/04/20	(140)	–
(162,411) Call Marks & Spen at £203.73 14/05/20	(818)	–
(31,572) Call Pearson Plc at £755.87 18/03/20	(5)	–
(132,623) Call Royal Bank at £253.3 16/04/20	(48)	–
(159,477) Call Royal Bank Of Scop at £232.39 14/05/20	(647)	–
(8,321) Call Royal Duc-B Shs at £2063.8 14/05/20	(583)	–
(21,390) Call Royal Dutch at £419.47 16/04/20	(21)	–
(56,480) Call Rsa Ins Plc at £580.44 18/03/20	(16)	–
(108,096) Call Rsa Ins Plc at £588.71 14/05/20	(1,849)	(0.01)
(41,846) Call Rsa Insurance at £575.33 16/04/20	(422)	–
(17,118) Call Ryl Dch Sh -B Shs at £2393.3 18/03/20	(2)	–
(29,916) Call Serco at £182.15 18/03/20	(1)	–
(56,030) Call Serco Group Plc at £174.38 14/05/20	(503)	–
(40,343) Call Serco Group Plc at £185.75 16/04/20	(47)	–
(3,851) Call Smiths Gr at £768.68 14/05/20	(451)	–
(60,523) Call Standard at £693.03 14/05/20	(421)	–
(27,563) Call Standard Cha Plc at £813.7 18/03/20	–	–
(64,450) Call Standard Plc at £763.64 16/04/20	(15)	–
(194,012) Call Tesco Plc at £269.26 16/04/20	(575)	–
(147,238) Call Tesco Plc at £282.38 14/05/20	(280)	–
(170,255) Call Vodafone at £166.15 18/03/20	(114)	–
(97,496) Call Vodafone at £172.6 16/04/20	(152)	–
(132,169) Call Wm Morrison at £207.18 16/04/20	(188)	–
(81,055) Call Wm Morrison at £219.1 18/03/20	(2)	–
	<b>(14,626)</b>	<b>(0.04)</b>
<b>United States -0.05% (-0.03%)</b>		
(1,619) Call Ameri Corp at \$92.68 18/03/20	(1,371)	(0.01)
(1,307) Call Ameriso at \$111.3 14/05/20	(248)	–
(814) Call Amerisou at \$101.6 16/04/20	(348)	–
(4,514) Call Barrick Gold at \$22.42 18/03/20	(719)	–
(4,515) Call Barrick Gold Corp at \$21.48 16/04/20	(1,958)	(0.01)
(5,643) Call Barrick Gold Corp at \$24.49 14/05/20	(1,406)	(0.01)
(5,529) Call Hp Inc at \$24.83 16/04/20	(201)	–
(4,637) Call Hp Inc at \$25.39 14/05/20	(215)	–
(685) Call Johnson & Johnson at \$160.64 14/05/20	(363)	–
(282) Call Johnson at \$153.94 18/03/20	(45)	–
(1,094) Call Mckesson at \$155.95 18/03/20	(1,694)	(0.01)
(517) Call Mckesson at \$176.09 16/04/20	(380)	–

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Portfolio Statement

as at 29th February 2020 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>United States (continued)</b>		
(896) Call Mckesson Corp at \$196.04 14/05/20	(239)	–
(2,049) Call Newmont at \$50.44 16/04/20	(1,096)	–
(2,561) Call Newmont Corp at \$52.84 14/05/20	(1,372)	(0.01)
(2,049) Call Newmont Gold at \$48.53 18/03/20	(1,044)	–
	<b>(12,699)</b>	<b>(0.05)</b>
<b>TOTAL FINANCIAL DERIVATIVE INSTRUMENTS</b>	<b>(30,222)</b>	<b>(0.10)</b>
<b>Net investments 98.29% (95.86%)</b>	<b>29,417,413</b>	<b>98.29</b>
Net other assets	512,803	1.71
<b>Total net assets</b>	<b>29,930,216</b>	<b>100.00</b>

Note: Comparative figures shown in brackets relate to 28th February 2019.

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming UK Equity Income Fund

### Sub-Fund Information

The Comparative Tables on pages 56 and 57 give the performance of each active unit class in the sub-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 sub-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 sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

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

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

### Assesment of Value

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.

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming UK Equity Income Fund

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

#### Assessment of Value *(continued)*

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.

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.

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

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

#### Assessment of Value *(continued)*

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:

<b>Value consideration</b>	<b>What we considered</b>	<b>Analysis and actions taken</b>	<b>Offers Value</b>
<b>Quality of service</b>	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
<b>Performance</b>	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 underperformed its benchmark over 1, 3 and 5 year periods. As the independent AFM we have monitored and discussed the position with the Investment Manager and will continue to do so. We are satisfied with the actions being taken by the Investment Manager and consider their strategy to be robust. The fund is being actively managed in accordance with the investment objective and policy.	Yes
<b>Costs</b>	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 £30 million 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
<b>Economies of Scale</b>	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

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

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

#### Assesment of Value *(continued)*

Value consideration	What we considered	Analysis and actions taken	Offers Value
<b>Comparable market rates</b>	Whether the charges are comparable with similar funds in this sector of the market	A Inc units: 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 fund's OCF is lower than the OCF of other similar funds in the market.	Yes
		B Inc units: 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 fund's OCF is higher than the OCF of other similar funds in the market.	No
<b>Comparable services</b>	How the charges compare to other comparable funds that the Investment Manager manages	A Inc units: Whilst we do not have visibility of the rates that the Investment Manager charges for providing comparable services outside of our fund range, the OCF of the fund is lower when compared to other similar funds that we operate.	Yes
		B Inc units: Whilst we do not have visibility of the rates that the Investment Manager charges for providing comparable services outside of our fund range, the OCF of the fund is higher when compared to other similar funds that we operate.	No
<b>Classes of shares</b>	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 B Inc class is 116% per cent higher than the A Inc class. B Inc investors are not direct clients of the Investment Manager, therefore they require more effort to acquire and service; they require separate communication and monitoring. The firm puts on road shows, meets distributors and supplies fact sheets. This level of service is paid for through the higher AMC unit class. We note this differential will reduce once the actions stated below in relation to the B Inc units are implemented.	Yes

Following our assessment, the board of Thesis Unit Trust Management Limited has concluded that A Inc units offer value to investors.

Following our assessment, the board of Thesis Unit Trust Management Limited concluded that B Inc units did not offer value to investors over the period. The AFM is now taking steps to address this by capping the expenses charged to B Inc units.



# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

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

#### Comparative Tables

*A Inc*

	<i>29/02/2020</i> <i>(pence per unit)</i>	<i>28/02/2019</i> <i>(pence per unit)</i>	<i>28/02/2018</i> <i>(pence per unit)</i>
<b>Change in Net Asset Value per Unit</b>			
Opening net asset value per unit	175.40	169.56	171.13
Return before operating charges*	(13.60)	15.85	7.71
Operating charges	(1.50)	(1.26)	(1.11)
Return after operating charges*	(15.10)	14.59	6.60
Distributions on income units	(9.91)	(8.75)	(8.17)
Closing net asset value per unit	150.39	175.40	169.56
*After direct transaction costs of :	0.21	0.35	0.24
<b>Performance</b>			
Return after charges	(8.61)%	8.60%	3.86%
<b>Other Information</b>			
Closing net asset value (£'000)	29,754	33,373	47,175
Closing number of units	19,784,831	19,027,115	27,822,214
Operating charges <sup>1</sup>	0.86%	0.70%	0.64%
Direct transaction costs	0.12%	0.19%	0.14%
<b>Prices</b>			
Highest unit price	184.03	189.20	178.50
Lowest unit price	152.12	163.30	163.40

<sup>1</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

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

### Comparative Tables *(continued)*

*B Inc*

	<i>29/02/2020</i> <i>(pence per unit)</i>	<i>28/02/2019</i> <i>(pence per unit)</i>	<i>28/02/2018</i> <i>(pence per unit)</i>
<b>Change in Net Asset Value per Unit</b>			
Opening net asset value per unit	166.88	160.02	163.26
Return before operating charges*	(12.18)	18.18	7.51
Operating charges	(3.01)	(2.84)	(2.69)
Return after operating charges*	(15.19)	15.34	4.82
Distributions on income units	(9.51)	(8.48)	(8.06)
Closing net asset value per unit	142.18	166.88	160.02
*After direct transaction costs of :	0.20	0.32	0.23
<b>Performance</b>			
Return after charges	(9.10)%	9.59%	2.95%
<b>Other Information</b>			
Closing net asset value (£'000)	176	206	1,250
Closing number of units	123,779	123,779	781,241
Operating charges <sup>1</sup>	1.86%	1.70%	1.64%
Direct transaction costs	0.12%	0.19%	0.14%
<b>Prices</b>			
Highest unit price	171.15	177.20	169.30
Lowest unit price	140.27	153.50	153.90

<sup>1</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming UK Equity Income Fund

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

#### Risk and Reward Indicator ("RRI")

**Lower Risk**

Typically lower rewards

**Higher Risk**

Typically higher rewards



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

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Statement of Total Return

for the period ended 29th February 2020

		2020		2019
	Notes	£'000	£'000	£'000
Income				
Net capital (losses)/gains	5		(4,785)	1,251
Revenue	7	2,095		1,898
Expenses		(283)		(246)
Net revenue before taxation		1,812		1,652
Taxation	9	(91)		(118)
Net revenue after taxation for the year		<u>1,721</u>		<u>1,534</u>
<b>Total return before distributions</b>			<b>(3,064)</b>	<b>2,785</b>
Distributions	10		(1,913)	(1,723)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b><u>(4,977)</u></b>	<b><u>1,062</u></b>

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

for the year ended 29th February 2020

		2020		2019
		£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>			<b>33,579</b>	<b>48,425</b>
Amounts receivable on issue of units		1,401		510
Amounts payable on cancellation of units		(73)		(16,418)
			<u>1,328</u>	<u>(15,908)</u>
Change in net assets attributable to unitholders from investment activities			<u>(4,977)</u>	<u>1,062</u>
<b>Closing net assets attributable to unitholders</b>			<b><u>29,930</u></b>	<b><u>33,579</u></b>

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming UK Equity Income Fund

### Balance Sheet

as at 29th February 2020

	Notes	2020 £'000	2019 £'000
<b>Assets</b>			
Fixed assets:			
Investments		29,448	32,273
Current assets:			
Debtors	11	94	281
Cash and bank balances		777	1,784
		<b>30,319</b>	34,338
<b>Total assets</b>			
<b>Liabilities</b>			
Investment liabilities			
		(30)	(85)
Creditors:			
Distribution payable	10	(293)	(302)
Other creditors	12	(66)	(372)
		<b>(389)</b>	(759)
<b>Total liabilities</b>			
		<b>29,930</b>	33,579
<b>Net assets attributable to unitholders</b>			
		<b>29,930</b>	33,579

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Notes to the Financial Statements

for the year ended 29th February 2020

#### 1. Accounting Policies

The accounting, distribution and risk management policies for notes 1 to 4 are provided on pages 22 to 25.

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

Net capital (losses)/gains comprise:

	2020 £'000	2019 £'000
Non-derivative securities	(4,416)	1,930
Derivative securities	(358)	(690)
Forward currency contracts	1	1
Currency gains	–	19
Transaction charges	(12)	(9)
Net capital (losses)/gains	<u>(4,785)</u>	<u>1,251</u>

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

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs, please refer to the additional portfolio transaction cost information on page 52.

##### Analysis of direct transaction costs for the year ended 29th February 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	8,505	3	36	8,544	0.04	0.42
	<u>8,505</u>	<u>3</u>	<u>36</u>	<u>8,544</u>		
<b>Sales</b>						
Equities	6,956	(2)	–	6,954	0.03	–
	<u>6,956</u>	<u>(2)</u>	<u>–</u>	<u>6,954</u>		
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		<b>0.01%</b>	<b>0.11%</b>			

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

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

Analysis of direct transaction costs for the year ended 28th February 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
Purchases						
Equities	12,587	6	51	12,644	0.05	0.41
	12,587	6	51	12,644		
Sales						
Equities	28,809	(11)	–	28,798	0.04	–
	28,809	(11)	–	28,798		
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		0.05%	0.14%			

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.07% (28th February 2019: 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

	2020 £'000	2019 £'000
Franked UK dividends	967	875
M&C Futures Income	585	–
Overseas dividends	543	469
Premium revenue from options	–	554
	<b>2,095</b>	<b>1,898</b>

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming UK Equity Income Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

#### 8. Expenses

	2020 £'000	2019 £'000
<b>Payable to the Manager or associates of the Manager:</b>		
Manager's service charge	192	189
	192	189
<b>Payable to the Trustee or associates of the Trustee:</b>		
Trustee's fee	12	14
Safe custody charges	2	2
	14	16
<b>Other expenses:</b>		
Administration fees	28	21
Audit fees <sup>1</sup>	11	11
Legal fees	–	3
Printing fees	11	–
Registration fees	27	6
	77	41
<b>Total expenses</b>	<b>283</b>	<b>246</b>

<sup>1</sup> Total audit fees of £11,460 (28th February 2019: £10,920), inclusive of VAT.



# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

#### 9. Taxation

	2020 £'000	2019 £'000
<b>a) Analysis of charge for the year:</b>		
Corporation tax	61	62
Overseas withholding tax	30	56
<b>Total current tax</b>	<b>91</b>	118
Deferred tax charge	–	–
<b>Total taxation</b>	<b>91</b>	118
<b>b) Factors affecting taxation charge for the year:</b>		
Net revenue before tax	1,811	1,652
Net revenue multiplied by the standard rate of corporation tax of 20% (2019: 20%)	362	330
Effects of:		
Franked UK dividends	(193)	(175)
Non-taxable overseas dividends	(108)	(99)
Overseas withholding tax	30	56
Tax due to timing differences	–	6
<b>Total tax charge (note 9a)</b>	<b>91</b>	118
<b>c) Deferred tax</b>		
Deferred tax charge (note 9a)	–	–
Provision at start of year	–	–
<b>Provision at end of year</b>	–	–

The sub-fund has not recognised a deferred tax asset of £Nil (28th February 2019: £Nil) arising as a result of having unutilised management expenses. The unutilised management expenses will only be recovered to the extent that the sub-fund has sufficient future taxable revenue.

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (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:

	2020 £'000	2019 £'000
First quarter distribution	671	613
Interim distribution	538	370
Third quarter distribution	423	422
Final distribution	293	302
	<u>1,925</u>	<u>1,707</u>
Add: Revenue deducted on units cancelled	–	19
Deduct: Revenue received on units created	(12)	(3)
<b>Net distribution for the year</b>	<u><u>1,913</u></u>	<u><u>1,723</u></u>

#### Reconciliation between net revenue and distribution

	2020 £'000	2019 £'000
Net revenue after taxation	1,721	1,534
Add: Expenses allocated to capital	192	189
	<u>1,913</u>	<u>1,723</u>

#### 11. Debtors

	2020 £'000	2019 £'000
Accrued revenue	81	134
Overseas tax recoverable	13	41
Sales awaiting settlement	–	106
	<u>94</u>	<u>281</u>

#### 12. Other creditors

	2020 £'000	2019 £'000
Accrued expenses	40	40
Amount payable for cancellation of units	–	161
Corporation tax payable	26	29
Purchases awaiting settlement	–	142
	<u>66</u>	<u>372</u>

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

#### 13. Related Parties

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

Thesis Unit Trust Management Limited acts as principal on all the transactions of units in the sub-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. £14,409 (28th February 2019: £14,931) is the amounts payable at the year end.

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

#### 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 29th February 2020 (28th February 2019: £Nil).

#### 16. Unit Classes

The sub-fund currently has two unit classes: A Inc and B Inc. The distribution per unit is given in the distribution tables on page 72. All units have the same rights on winding up.

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

A Inc	0.56%
B Inc	1.56%

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

Class	Opening Units	Units Created	Units Liquidated	Units Converted	Closing Units
A Inc	19,027,115	800,085	(42,369)	–	19,784,831
B Inc	123,779	–	–	–	123,779

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

#### 17. Financial Instruments

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

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

#### 18. Risks Disclosures

- *Market price risk* - risk management policies surrounding this risk are discussed in note 4 on pages 23 to 25.

At 29th February 2020, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £1,470,871 (28th February 2019: £1,609,407).

- *Foreign currency risk* - risk management policies surrounding this risk are discussed in note 4 on pages 23 to 25.

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

#### Foreign currency exposure as at 29th February 2020:

Currency	Monetary	Non	Total
	Exposures	Monetary	
	2020	Exposures	2020
	£'000	£'000	£'000
Euro	14	2,247	2,261
Hong Kong dollar	–	342	342
Japanese yen	–	1,154	1,154
Pound sterling	499	22,680	23,179
Singapore dollar	–	616	616
US dollar	–	2,378	2,378
	<b>513</b>	<b>29,417</b>	<b>29,930</b>

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

#### 18. Risks Disclosures (continued)

Foreign currency exposure as at 28th February 2019:

Currency	Monetary	Non Monetary	Total
	Exposures	Exposures	
	2019	2019	2019
	£'000	£'000	£'000
Euro	41	3,471	3,512
Japanese yen	–	778	778
Norwegian krone	–	499	499
Pound sterling	1,342	23,841	25,183
Singapore dollar	–	687	687
US dollar	8	2,912	2,920
	1,391	32,188	33,579

At 29th February 2020, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £67,505 (28th February 2019: £83,961).

- *Interest rate risk* - risk management policies surrounding this risk are discussed in note 4 on pages 23 to 25.

#### Interest rate risk profile of financial assets as at 29th February 2020:

Currency	Floating Rate	Fixed Rate	Financial Assets	Total
	Financial		Not Carrying	
	Assets	2020	Interest	2020
	2020	£'000	2020	£'000
	£'000		£'000	£'000
Euro	–	–	2,249	2,249
Hong Kong dollar	–	–	342	342
Japanese yen	–	–	1,155	1,155
Norwegian krone	–	–	–	–
Pound sterling	776	–	22,695	23,471
Singapore dollar	–	–	616	616
US dollar	–	–	2,391	2,391
	776	–	29,448	30,224

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

#### 18. Risks Disclosures (continued)

Interest rate risk profile of financial assets as at 28th February 2019<sup>1</sup>:

Currency	Floating Rate	Fixed Rate	Financial Assets	Total
	Financial		Not Carrying	
	Assets		Interest	
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
Euro	–	–	3,488	3,488
Japanese yen	–	–	780	780
Norwegian krone	–	–	499	499
Pound sterling	1,784	–	23,897	25,681
Singapore dollar	–	–	687	687
US dollar	–	–	2,922	2,922
	<u>1,784</u>	<u>–</u>	<u>32,273</u>	<u>34,057</u>

Interest rate risk profile of financial liabilities as at 29th February 2020:

Currency	Floating Rate	Financial	Total
	Financial	Liabilities Not	
	Liabilities	Carrying	
	2020	Interest	2020
	£'000	£'000	£'000
Euro	–	(2)	(2)
Japanese yen	–	(1)	(1)
Pound sterling	–	(14)	(14)
Swiss franc	–	–	–
US dollar	–	(13)	(13)
	<u>–</u>	<u>(30)</u>	<u>(30)</u>

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

#### 18. Risks Disclosures (continued)

Interest rate risk profile of financial liabilities as at 28th February 2019:

	Floating Rate Financial Liabilities 2019 £'000	Financial Liabilities Not Carrying Interest 2019 £'000	Total 2019 £'000
Currency			
Euro	–	(16)	(16)
Japanese yen	–	(2)	(2)
Pound sterling	–	(57)	(57)
US dollar	–	(10)	(10)
	–	(85)	(85)

Please note that short term debtors and creditors are excluded in the interest rate risk tables above.

The sub-fund's net cash holdings of £776,677 (28th February 2019: £1,784,500) are held in floating rate deposit accounts, whose rates are determined by reference to LIBOR or an international equivalent borrowing rate.

- *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 29th February 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Equities	29,447	–	–	29,447
<b>Liabilities</b>				
Options	(30)	–	–	(30)
Valuation technique as at 28th February 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Equities	32,273	–	–	32,273
<b>Liabilities</b>				
Options	(85)	–	–	(85)

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 Umbrella Fund

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## TM Stonehage Fleming UK Equity Income Fund

### Notes to the Financial Statements

for the year ended 29th February 2020 (continued)

#### 18. Risks Disclosures (continued)

- Derivative risks – the Manager has entered into options contracts during the year for the purpose of hedging any foreign currency exposure arising from investments in underlying funds.

#### 19. Leverage

There are two ways in which the Manager can introduce leverage to the sub-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 sub-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 sub-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 sub-fund within these levels at all times.

As at year end 29th February 2020, the total leverage in the sub-fund, using the commitment approach, did not exceed 100% (gross 156.66%, commitment 78.15%). Given that the exposure of the sub-fund is 78.15% of NAV this means that no leverage was employed by the sub-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 11th March 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 sub-fund considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Subsequent to the year end, the sub-fund's NAV has suffered as a result of a decline in global stock markets and the latest NAV per Class A Income of 128.80p as at the close of business on 25th June 2020 had declined on average across the unit classes by 14.36% compared to the NAV at the year end of 150.39p. The sub-fund's overall NAV from the 29th February 2020 and 25th June 2020 has declined by 14.51%.



# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Distribution Tables

for the year ended 29th February 2020

#### First Interim Distribution A Inc (in pence per unit)\*

Group 1: Units purchased prior to 1st March 2019

Group 2: Units purchased from 1st March 2019 to 31st May 2019

Group	Net Income	Equalisation (note 14)	2019 Net Distribution Paid	2018 Net Distribution Paid
1	3.5080	–	3.5080	3.0903
2	3.5080	–	3.5080	3.0903

#### First Interim Distribution B Inc (in pence per unit)\*

Group 1: Units purchased prior to 1st March 2019

Group 2: Units purchased from 1st March 2019 to 31st May 2019

Group	Net Income	Equalisation (note 14)	2019 Net Distribution Paid	2018 Net Distribution Paid
1	3.2617	–	3.2617	2.9852
2	3.2617	–	3.2617	2.9852

#### Second Interim Distribution A Inc (in pence per unit)

Group 1: Units purchased prior to 1st June 2019

Group 2: Units purchased from 1st June 2019 to 31st August 2019

Group	Net Income	Equalisation (note 14)	2019 Net Distribution Paid	2018 Net Distribution Paid
1	2.8101	–	2.8101	1.9068
2	2.0238	0.7863	2.8101	1.9068

#### Second Interim Distribution B Inc (in pence per unit)\*

Group 1: Units purchased prior to 1st June 2019

Group 2: Units purchased from 1st June 2019 to 31st August 2019

Group	Net Income	Equalisation (note 14)	2019 Net Distribution Paid	2018 Net Distribution Paid
1	2.6038	–	2.6038	1.8244
2	2.6038	–	2.6038	1.8244

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming UK Equity Income Fund

### Distribution Tables

for the year ended 29th February 2020 (continued)

#### Third Interim Distribution A Inc (in pence per unit)

Group 1: Units purchased prior to 1st September 2019

Group 2: Units purchased from 1st September 2019 to 30th November 2019

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	2.1240	–	2.1240	2.1743
2	0.3780	1.7460	2.1240	2.1743

#### Third Interim Distribution B Inc (in pence per unit)\*

Group 1: Units purchased prior to 1st September 2019

Group 2: Units purchased from 1st September 2019 to 30th November 2019

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	2.2145	–	2.2145	2.1167
2	2.2145	–	2.2145	2.1167

#### Final Distribution A Inc (in pence per unit)

Group 1: Units purchased prior to 1st December 2019

Group 2: Units purchased from 1st December 2019 to 29th February 2020

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Payable	2019 Net Distribution Paid
1	1.4694	–	1.4694	1.5744
2	0.6866	0.7828	1.4694	1.5744

#### Final Distribution B Inc (in pence per unit)\*

Group 1: Units purchased prior to 1st December 2019

Group 2: Units purchased from 1st December 2019 to 29th February 2020

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Payable	2019 Net Distribution Paid
1	1.4827	–	1.4827	1.5518
2	1.4827	–	1.4827	1.5518

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

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

### Portfolio Statement

as at 29th February 2020

Holdings	Market value £	Percentage of total net assets %
<b>EQUITIES 96.00% (96.77%)</b>		
<b>Belgium 2.79% (3.83%)</b>		
64,116 D'Ieteren	2,912,723	2.79
<b>Bermuda 0.00% (0.61%)</b>		
<b>Canada 0.00% (0.08%)</b>		
<b>Finland 7.21% (7.64%)</b>		
95,239 Konecranes	2,171,499	2.08
960,566 Nokia	2,832,719	2.71
313,103 Wärtsilä	2,524,750	2.42
	<b>7,528,968</b>	<b>7.21</b>
<b>France 19.69% (21.36%)</b>		
61,210 Danone	3,354,754	3.22
226,329 Elior Group	2,214,112	2.12
84,979 Imersys	2,564,898	2.46
84,075 JCDecaux	1,504,628	1.44
153,605 Lagardere	2,069,646	1.98
45,478 Sanofi	3,284,108	3.15
5,268,495 Solocal Group	2,090,618	2.00
175,054 Vivendi	3,467,179	3.32
	<b>20,549,943</b>	<b>19.69</b>
<b>Germany 23.04% (20.05%)</b>		
71,100 1&1 Drillisch	1,191,674	1.14
53,298 Bayer	2,965,600	2.84
1,059,317 Ceconomy	3,900,934	3.74
12,428 Cont.	1,077,642	1.03
23,174 Henkel	1,518,343	1.45
390,769 Metro	3,501,695	3.36
37,089 SAP	3,558,106	3.41
26,913 Siemens	2,140,991	2.05
298,440 Thyssenkrupp	2,218,039	2.13
84,472 Utd. Internet	1,969,613	1.89
	<b>24,042,637</b>	<b>23.04</b>
<b>Italy 2.21% (2.43%)</b>		
282,360 Sol	2,310,376	2.21
<b>Netherlands 19.00% (19.07%)</b>		
150,412 Corbion	4,252,545	4.08

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

### Portfolio Statement

as at 29th February 2020 (continued)

Holdings	Market value £	Percentage of total net assets %
<b>Netherlands (continued)</b>		
57,376 Heineken Holding	3,939,418	3.77
229,181 OCI	2,988,364	2.86
382,115 SBM Offshore	4,680,050	4.48
120,204 Sligro Food Group	2,270,138	2.18
29,923 Wolters Kluwer	1,702,303	1.63
	<b>19,832,818</b>	<b>19.00</b>
<b>Spain 4.53% (4.48%)</b>		
112,814 Grifols	2,814,880	2.70
91,362 Laboratorios Farmaceuticos Rovi	1,910,165	1.83
	<b>4,725,045</b>	<b>4.53</b>
<b>Switzerland 10.40% (6.99%)</b>		
6,157,511 Aryzta	4,105,226	3.93
9,335 Burckhardt Compression Holding	1,701,135	1.63
435,186 OC Oerlikon	3,152,849	3.02
10,941 Schindler Holding	1,893,889	1.82
	<b>10,853,099</b>	<b>10.40</b>
<b>United Kingdom 3.21% (5.49%)</b>		
230,862 Liberty Global 'C'	3,349,872	3.21
<b>United States 3.92% (4.74%)</b>		
105,932 Oracle	4,086,544	3.92
<b>FINANCIAL DERIVATIVE INSTRUMENTS 0.00% (0.03%)</b>		
<b>Options 0.00% (0.03%)</b>		
<b>United States 0.00% (0.03%)</b>		
<b>Net investments 96.00% (96.80%)</b>	<b>100,192,025</b>	<b>96.00</b>
Net other assets	4,175,733	4.00
<b>Total net assets</b>	<b>104,367,758</b>	<b>100.00</b>

Note: Comparative figures shown in brackets relate to 28th February 2019.

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming European All Cap Equity Fund

### Sub-fund Information

The Comparative Table on page 80 gives the performance of the only active unit class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Table is calculated as the return after operating charges per unit divided by the opening net asset value per unit. It differs from the sub-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 sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

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

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

### Assesment of Value

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.

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming European All Cap Equity Fund

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

#### Assessment of Value *(continued)*

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.

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.

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

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

#### Assesment of Value *(continued)*

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:

<b>Value consideration</b>	<b>What we considered</b>	<b>Analysis and actions taken</b>	<b>Offers Value</b>
<b>Quality of service</b>	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.	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.  We are satisfied that the Investment Manager continues to meet our requirements and provides a good quality of service.	Yes
<b>Performance</b>	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 underperformed its benchmark over 1, 3 and 5 year periods. As the independent AFM we have monitored and discussed the position with the Investment Manager and will continue to do so. The fund is being actively managed in accordance with the investment objective and policy.	No
<b>Costs</b>	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 £104 million 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
<b>Economies of Scale</b>	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
<b>Comparable market rates</b>	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 fund's OCF is lower than the OCF of other similar funds in the market.	Yes

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming European All Cap Equity Fund

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

#### Assesment of Value *(continued)*

<b>Value consideration</b>	<b>What we considered</b>	<b>Analysis and actions taken</b>	<b>Offers Value</b>
<b>Comparable services</b>	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, the OCF of the fund is lower when compared to other similar funds that we operate.	Yes
<b>Classes of shares</b>	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 fund only has one class of units in issue.	Yes

Following our assessment, the board of Thesis Unit Trust Management Limited concluded that the fund did not offer value to investors over the period, mainly due to the level of underperformance in comparison to the benchmark during the period under review.



# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

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

#### Comparative Tables

*A Inc*

	<i>29/02/2020</i> <i>(pence per unit)</i>	<i>28/02/2019</i> <i>(pence per unit)</i>	<i>28/02/2018</i> <i>(pence per unit)</i>
<b>Change in Net Asset Value per Unit</b>			
Opening net asset value per unit	422.95	469.59	445.37
Return before operating charges*	(47.13)	(35.41)	36.45
Operating charges	(3.70)	(3.37)	(3.83)
Return after operating charges*	(50.83)	(38.78)	32.62
Distributions on income units	(7.09)	(7.86)	(8.40)
Closing net asset value per unit	365.03	422.95	469.59
 *After direct transaction costs of :	 0.22	 0.13	 0.40
<b>Performance</b>			
Return after charges	(12.02)%	(8.26)%	7.32%
<b>Other Information</b>			
Closing net asset value (£'000)	104,368	130,806	137,290
Closing number of units	28,591,582	30,927,331	29,236,114
Operating charges <sup>1</sup>	0.86%	0.76%	0.79%
Direct transaction costs	0.05%	0.03%	0.08%
<b>Prices</b>			
Highest unit price	465.20	472.60	498.50
Lowest unit price	365.80	399.90	452.10

<sup>1</sup> Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming European All Cap Equity Fund

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

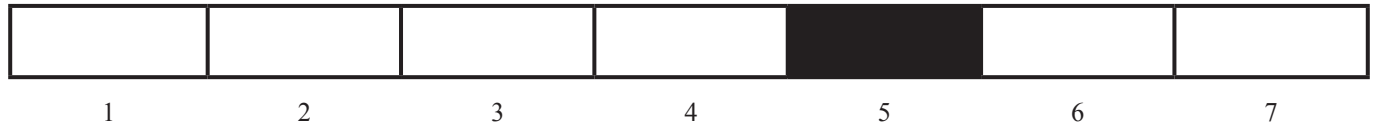
#### Risk and Reward Indicator ("RRI")

**Lower Risk**

Typically lower rewards

**Higher Risk**

Typically higher rewards



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

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

### Statement of Total Return

for the year ended 29th February 2020

		2020		2019
	Notes	£'000	£'000	£'000
Income				
Net capital losses	5	(15,409)		(13,231)
Revenue	7	2,449	2,611	
Expenses		(1,035)	(1,000)	
Interest payable and similar charges		(1)	–	
Net revenue before taxation		<u>1,413</u>	1,611	
Taxation	9	(243)	(105)	
Net revenue after taxation for the year		<u>1,170</u>		<u>1,506</u>
<b>Total return before distributions</b>		<b>(14,239)</b>		<b>(11,725)</b>
Distributions	10	<u>(2,058)</u>		<u>(2,376)</u>
<b>Change in net assets attributable to unitholders from investment activities</b>		<b><u>(16,297)</u></b>		<b><u>(14,101)</u></b>

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

for the year ended 29th February 2020

		2020		2019
		£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>			<b>130,806</b>	137,290
Amounts receivable on issue of units		4,665		8,386
Amounts payable on cancellation of units		<u>(14,806)</u>	<u>(769)</u>	
			<b>(10,141)</b>	7,617
Change in net assets attributable to unitholders from investment activities			<u>(16,297)</u>	<u>(14,101)</u>
<b>Closing net assets attributable to unitholders</b>			<b><u>104,368</u></b>	<b><u>130,806</u></b>

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming European All Cap Equity Fund

### Balance Sheet

as at 29th February 2020

	Notes	2020 £'000	2019 £'000
<b>Assets</b>			
Fixed assets:			
Investments		100,192	126,615
Current assets:			
Debtors	11	327	260
Cash and bank balances		5,482	4,529
		<b>106,001</b>	131,404
<b>Total assets</b>			
 <b>Liabilities</b>			
Creditors:			
Bank overdrafts		(524)	(150)
Distribution payable	10	(175)	(322)
Other creditors	12	(934)	(126)
		<b>(1,633)</b>	(598)
<b>Total liabilities</b>			
		<b>104,368</b>	130,806
<b>Net assets attributable to unitholders</b>		<b>104,368</b>	130,806

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

### Notes to the Financial Statements

for the period ended 29th February 2020

#### 1. Accounting Policies

The accounting, distribution and risk management policies for notes 1 to 4 are provided on pages 22 to 25.

#### 5. Net Capital Losses

Net capital losses comprise:

	2020 £'000	2019 £'000
Non-derivative securities	(14,147)	(13,188)
Derivative securities	(1,172)	79
Currency losses	(35)	(78)
Transaction charges	(55)	(44)
Net capital losses	<u>(15,409)</u>	<u>(13,231)</u>

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

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs, please refer to the additional portfolio transaction cost information on page 76.

##### Analysis of direct transaction costs for the year ended 29th February 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	42,317	21	15	42,353	0.05	0.04
	<u>42,317</u>	<u>21</u>	<u>15</u>	<u>42,353</u>		
<b>Sales</b>						
Equities	54,366	(28)	–	54,338	0.05	–
	<u>54,366</u>	<u>(28)</u>	<u>–</u>	<u>54,338</u>		
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		<b>0.04%</b>	<b>0.01%</b>			

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

### Notes to the Financial Statements

for the period ended 29th February 2020 (continued)

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

Analysis of direct transaction costs for the year ended 28th February 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Cost £'000	Commissions % of principal	Taxes % of principal
Purchases						
Equities	32,403	15	12	32,430	0.05	0.04
	32,403	15	12	32,430		
Sales						
Equities	24,320	(13)	–	24,307	0.05	–
	24,320	(13)	–	24,307		
Derivative purchases and sales		–	–			
Total cost as percentage of average net asset value		0.02%	0.01%			

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.18% (28th February 2019: 0.20%), based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 7. Revenue

	2020 £'000	2019 £'000
Bank interest	–	3
Overseas dividends	2,449	2,608
	<b>2,449</b>	<b>2,611</b>

# TM Stonehage Fleming Global Equities Umbrella Fund

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## TM Stonehage Fleming European All Cap Equity Fund

### Notes to the Financial Statements

for the period ended 29th February 2020 (continued)

#### 8. Expenses

	2020 £'000	2019 £'000
<b>Payable to the Manager or associates of the Manager:</b>		
Manager's service charge	888	870
	888	870
<b>Payable to the Trustee or associates of the Trustee:</b>		
Trustee's fee	44	47
Safe custody charges	19	25
	63	72
<b>Other expenses:</b>		
Administration fees	46	37
Audit fees <sup>1</sup>	11	11
Legal fees	–	3
Printing fees	2	1
Registration fees	25	6
	84	58
<b>Total expenses</b>	<b>1,035</b>	<b>1,000</b>

<sup>1</sup> Total audit fees of £11,460 (28th February 2019: £10,920), inclusive of VAT.

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

### Notes to the Financial Statements

for the period ended 29th February 2020 (continued)

#### 9. Taxation

	2020 £'000	2019 £'000
<b>a) Analysis of charge for the year:</b>		
Overseas withholding tax	157	105
Prior year adjustment	86	–
<b>Total current tax</b>	<b>243</b>	<b>105</b>
Deferred tax charge	–	–
<b>Total taxation</b>	<b>243</b>	<b>105</b>
<b>b) Factors affecting taxation charge for the year:</b>		
Net revenue before tax	1,413	1,611
Net revenue multiplied by the standard rate of corporation tax of 20% (2019: 20%)	283	322
Effects of:		
Excess management expenses not utilised	207	199
Non-taxable overseas dividends	(490)	(521)
Overseas withholding tax	157	105
Prior year adjustment	86	–
<b>Total tax charge (note 9a)</b>	<b>243</b>	<b>105</b>
<b>c) Deferred tax</b>		
Deferred tax charge (note 9a)	–	–
Provision at start of year	–	–
<b>Provision at end of year</b>	<b>–</b>	<b>–</b>

The sub-fund has not recognised a deferred tax asset of £1,336,256 (28th February 2019: £1,131,311) arising as a result of having unutilised management expenses. The unutilised management expenses will only be recovered to the extent that the sub-fund has sufficient future taxable revenue.



# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

### Notes to the Financial Statements

for the period ended 29th February 2020 (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:

	<b>2020</b>	2019
	<b>£'000</b>	£'000
First quarter distribution	1,527	1,641
Interim distribution	271	226
Third quarter distribution	12	197
Final distribution	175	322
	<b>1,985</b>	2,386
Add: Revenue deducted on units cancelled	87	1
Deduct: Revenue received on units created	(14)	(11)
<b>Net distribution for the year</b>	<b>2,058</b>	2,376

#### Reconciliation between net revenue and distribution

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Net revenue after taxation	1,170	1,506
Add: Expenses allocated to capital	888	870
	<b>2,058</b>	2,376

#### 11. Debtors

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Overseas tax recoverable	291	260
Sales awaiting settlement	36	–
	<b>327</b>	260

#### 12. Other creditors

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Accrued expenses	106	126
Amount payable for cancellation of units	828	–
	<b>934</b>	126

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

### Notes to the Financial Statements

for the period ended 29th February 2020 (continued)

#### 13. Related Parties

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

Thesis Unit Trust Management Limited acts as principal on all the transactions of units in the sub-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. £61,249 (28th February 2019: £68,565) is the amounts payable at the year end.

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

#### 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 29th February 2020 (28th February 2019: £Nil).

#### 16. Unit Class

The sub-fund currently has one unit class: A Inc. The distribution per unit is given in the distribution tables on page 94.

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

A Inc	0.696%
B Income	1.696%

The Sub-adviser's annual management fee is calculated by the Administrator accruing each valuation point and payable monthly in arrears at the rates according to the schedule below of the average Net Asset Value of the sub-fund for the year:

Class A  
0.80% on first £15m  
0.70% on next £15m  
Thereafter 0.60%  
And additional fixed rate of 0.06%

Class B  
0.80% on first £15m  
0.70% on next £15m  
Thereafter 0.60%  
And additional fixed rate of 1.06%

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

Class	Opening Units	Units Created	Units Liquidated	Units Converted	Closing Units
A Inc	30,927,331	1,088,910	(1,372,829)	(2,051,830)	28,591,582
B Inc	-	-	(2,051,830)	2,051,830	-

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

### Notes to the Financial Statements

for the period ended 29th February 2020 (continued)

#### 17. Financial Instruments

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

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

#### 18. Risks Disclosures

- *Market price risk* - risk management policies surrounding this risk are discussed in note 4 on pages 23 to 25.

At 29th February 2020, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £5,009,601 (28th February 2019: £6,330,743).

- *Foreign currency risk* - risk management policies surrounding this risk are discussed in note 4 on pages 23 to 25.

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

#### Foreign currency exposure as at 29th February 2020:

Currency	Monetary	Non	Total
	Exposures	Monetary	
	2020	Exposures	2020
	£'000	£'000	£'000
Euro	223	81,903	82,126
Pound sterling	3,884	–	3,884
Swiss franc	–	10,853	10,853
US dollar	–	7,436	7,436
	<b>4,107</b>	<b>100,192</b>	<b>104,299</b>

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

### Notes to the Financial Statements

for the period ended 29th February 2020 (continued)

#### 18. Risks Disclosures (continued)

Foreign currency exposure as at 28th February 2019:

Currency	Monetary	Non	Total
	Exposures	Monetary Exposures	
	2019	2019	2019
	£'000	£'000	£'000
Danish kroner	3	–	3
Euro	417	103,142	103,559
Norwegian krone	–	913	913
Pound sterling	3,771	–	3,771
Swiss franc	–	9,143	9,143
US dollar	–	13,417	13,417
	4,191	126,615	130,806

At 29th February 2020, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £1,005,000 (28th February 2019: £ 1,270,344).

- *Interest rate risk* - risk management policies surrounding this risk are discussed in note 4 on pages 23 to 25.

#### Interest rate risk profile of financial assets as at 29th February 2020:

Currency	Floating Rate	Fixed Rate	Financial Assets	Total
	Financial		Not Carrying	
	Assets	2020	Interest	2020
	2020	£'000	2020	£'000
	£'000		£'000	£'000
Euro	58	–	81,903	81,961
Pound sterling	5,218	–	–	5,218
Swiss franc	206	–	10,853	11,059
US dollar	–	–	7,436	7,436
	5,482	–	100,192	105,674

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

### Notes to the Financial Statements

for the period ended 29th February 2020 (continued)

#### 18. Risks Disclosures (continued)

Interest rate risk profile of financial assets as at 28th February 2019:

Currency	Floating Rate	Fixed Rate	Financial Assets	Total
	Financial		Not Carrying	
	Assets	2019	Interest	2019
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
Euro	159	–	103,142	103,301
Norwegian krone	–	–	913	913
Pound sterling	4,271	–	–	4,271
Swiss franc	99	–	9,143	9,242
US dollar	–	–	13,417	13,417
	4,529	–	126,615	131,144

Interest rate risk profile of financial liabilities as at 29th February 2020:

Currency	Floating Rate	Financial	Total
	Financial	Liabilities Not	
	Liabilities	Carrying	2020
	2020	Interest	2020
	£'000	£'000	£'000
Euro	(58)	–	(58)
Pound sterling	(260)	–	(260)
Swiss franc	(206)	–	(206)
	(524)	–	(524)

Interest rate risk profile of financial liabilities as at 28th February 2019:

Currency	Floating Rate	Financial	Total
	Financial	Liabilities Not	
	Liabilities	Carrying	2019
	2019	Interest	2019
	£'000	£'000	£'000
Pound sterling	(51)	–	(51)
Swiss franc	(99)	–	(99)
	(150)	–	(150)

Please note that short term debtors and creditors are excluded in the interest rate risk tables above.

The sub-fund's net cash holdings of £4,958,058 (28th February 2019: £4,378,561) are held in floating rate deposit accounts, whose rates are determined by reference to LIBOR or an international equivalent borrowing rate.

<sup>1</sup> Certain prior year risk disclosure amounts have been reclassified with the current year presentation. These reclassifications had no effect on the reported results of operations.

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

### Notes to the Financial Statements

for the period ended 29th February 2020 (continued)

#### 18. Risks Disclosures (continued)

- *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 29th February 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets</b>				
Equities	<b>100,192</b>	–	–	<b>100,192</b>
Valuation technique as at 28th February 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equities	126,584	–	–	126,584
Options	31	–	–	31
	<b>126,615</b>	–	–	<b>126,615</b>

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

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

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

- Derivative risks – the Manager has entered into options contracts during the year for the purpose of hedging any foreign currency exposure arising from investments in underlying funds.

#### 19. Leverage

There are two ways in which the Manager can introduce leverage to the sub-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 sub-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 sub-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 sub-fund within these levels at all times.

As at year end 29th February 2020, the total leverage in the sub-fund, using the commitment approach, did not exceed 100% (gross 105.89%, commitment 96.09%). Given that the exposure of the sub-fund is 96.09% of NAV this means that some leverage was employed by the sub-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 11th March 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 sub-fund considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Subsequent to the year end, the sub-fund's NAV has suffered as a result of a decline in global stock markets and the latest NAV per Class A Income of 359.45p as at the close of business on 25th June 2020 had declined on average across the unit classes by 1.53% compared to the NAV at the year end of 365.03p. The sub-fund's overall NAV from the 29th February 2020 and 25th June 2020 has declined by 7.86%.

# TM Stonehage Fleming Global Equities Umbrella Fund

## TM Stonehage Fleming European All Cap Equity Fund

### Distribution Tables

for the year ended 29th February 2020

#### First Interim Distribution A Inc (in pence per unit)\*

Group 1: Units purchased prior to 1st March 2019

Group 2: Units purchased from 1st March 2019 to 31st May 2019

Group	Net Income	Equalisation (note 14)	2019 Net Distribution Paid	2018 Net Distribution Paid
1	5.2141	–	5.2141	5.4366
2	2.8616	2.3525	5.2141	5.4366

#### Second Interim Distribution A Inc (in pence per unit)\*

Group 1: Units purchased prior to 1st June 2019

Group 2: Units purchased from 1st June 2019 to 31st August 2019

Group	Net Income	Equalisation (note 14)	2019 Net Distribution Paid	2018 Net Distribution Paid
1	0.9271	–	0.9271	0.7393
2	0.5431	0.3840	0.9271	0.7393

#### Third Interim Distribution A Inc (in pence per unit)\*

Group 1: Units purchased prior to 1st September 2019

Group 2: Units purchased from 1st September 2019 to 30th November 2019

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Paid	2019 Net Distribution Paid
1	0.0406	–	0.0406	0.6398
2	–	0.0406	0.0406	0.6398

#### Final Distribution A Inc (in pence per unit)\*

Group 1: Units purchased prior to 1st December 2019

Group 2: Units purchased from 1st December 2019 to 29th February 2020

Group	Net Income	Equalisation (note 14)	2020 Net Distribution Payable	2019 Net Distribution Paid
1	0.9106	–	0.9106	1.0418
2	0.8637	0.0469	0.9106	1.0418

\* There were no active units for B Inc at the end of each period, hence, no distribution is presented.



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