

The Barro II Trust

Annual Report

for the year ended 31 May 2025

Contents

Page

Report of the Manager	2
Statement of the Manager's responsibilities	4
Report of the Trustee to the unitholders of The Barro II Trust	5
Independent Auditor's report to the unitholders of The Barro II Trust	6
Accounting policies of The Barro II Trust	9
Investment Manager's report	12
Summary of portfolio changes	19
Portfolio statement	20
Risk and reward profile	23
Comparative table	24
Financial statements:	
Statement of total return	25
Statement of change in net assets attributable to unitholders	25
Balance sheet	26
Notes to the financial statements	27
Distribution table	38
Remuneration	39
Further information	41
Appointments	42

The Barro II Trust

Report of the Manager

Tutman Fund Solutions Limited ('TFSL') (previously Evelyn Partners Fund Solutions Limited), as Manager, presents herewith the Annual Report for The Barro II Trust for the year ended 31 May 2025.

The Barro II Trust ('the Trust' or 'the Fund') is an authorised unit trust scheme further to an authorisation order dated 14 September 2015 and is a non-UCITS retail scheme ('NURS') complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL') and the Investment Funds sourcebook ('FUND'), as published by the Financial Conduct Authority ('FCA'). As the Fund is a NURS, the Manager also acts as Alternative Investment Fund Manager ('AIFM') in order to comply with the Alternative Investment Fund Manager's Directive ('AIFMD').

The Manager is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Fund consist predominantly of securities which are readily realisable and, accordingly, the Fund has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

The Financial Stability Board ('FSB') created the Task Force on Climate-related Financial Disclosures ('TCFD') to improve and increase reporting of climate-related financial information. TFSL have produced TCFD reports in compliance with the FCA's rules on climate-related financial disclosures. The TCFD Product report is designed to help you understand the impact the Fund has on the climate and equally how climate change could influence the performance of the Fund. The report will also give you the ability to compare a range of climate metrics with other funds. To understand the governance, strategy, and risk management that TFSL has in place to manage the risks and opportunities related to climate change, please refer to the TCFD Entity report. These reports are available on our website <https://www.tutman.co.uk/literature>

The Trust Deed can be inspected at the offices of the Manager.

Copies of the Prospectus and Key Investor Information Document ('KIID') are available on request free of charge from the Manager.

Investment objective and policy

The Trust aims to achieve a positive return over the course of an investment cycle (7 years) and is targeting a long-term return of CPI (Consumer Prices Index) +3%. There is no guarantee that a positive return will be achieved over that, or any, time period.

The Trust may utilise a range of asset classes in order to achieve its objective with no geographical restriction. These may include transferable securities, cash deposits, fixed income securities, warrants, money market instruments, collective investment schemes (regulated and unregulated), real estate investment trusts and gold.

It is the Investment Manager's intention that derivatives and forward transactions will only be used for Efficient Portfolio Management. The Trust may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to unitholders. The use of derivatives for investment purposes may alter the risk profile of the Trust.

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

The Investment Manager does not have any investment in any immovable property or tangible movable property.

Report of the Manager (continued)

Changes affecting the Trust after the year end

On 30 June 2025, Thesis Holdings Limited bought Evelyn Partners Fund Solutions Limited. Following the completion of the acquisition of Evelyn Partners Fund Solutions Limited, the company has been renamed to Tutman Fund Solutions Limited ('TFSL').

Further information in relation to the Fund is illustrated on page 41.

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook and the Investment Funds sourcebook, we hereby certify the Annual Report on behalf of the Manager, Tutman Fund Solutions Limited.

Neil Coxhead
Directors
Tutman Fund Solutions Limited
26 September 2025

Stephen Mugford

Statement of the Manager's responsibilities

The Collective Investment Schemes sourcebook ('COLL') and the Investment Funds sourcebook ('FUND') published by the FCA, require 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 and net capital gains on the scheme property of the Trust for the year.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for the Financial Statements of UK Authorised Funds ('the SORP') issued by 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;
- taking reasonable steps for the prevention and detection of fraud and irregularities; and
- the maintenance and integrity of the Trust's information on the Manager's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COLL also requires the Manager to carry out an Assessment of Value on the Trust, previously published within the Annual Report this assessment can now be found on the Manager's website at :

<https://www.tutman.co.uk/literature>

The Manager is responsible for the management of the Trust in accordance with the Trust Deed, the Prospectus, COLL and FUND.

Report of the Trustee to the unitholders of The Barro II Trust

Trustee's responsibilities

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

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

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

The Trustee must ensure that:

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

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

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

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

NatWest Trustee and Depositary Services Limited
26 September 2025

Independent Auditor's report to the unitholders of The Barro II Trust

Opinion

We have audited the financial statements of The Barro II Trust (the 'Trust') for the year ended 31 May 2025, which comprise the Statement of total return, Statement of change in net assets attributable to unitholders, Balance sheet, the related Notes to the financial statements, including significant accounting policies and the Distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the financial position of the Trust as at 31 May 2025 and of the net revenue and the net capital gains on the scheme property of the Trust for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the Investment Association Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes sourcebook (COLL Rules) of the Financial Conduct Authority and the Trust Deed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

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

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

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

Other Information

The other information comprises the information included in the Annual report other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the COLL Rules

In our opinion, based on the work undertaken in the course of the audit:

- Proper accounting records for the Trust have been kept and the accounts are in agreement with those records;
- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- The information given in the Report of the Manager for the year is consistent with the financial statements.

Independent Auditor's report to the unitholders of The Barro II Trust (continued)

Responsibilities of the Manager

As explained more fully in the Statement of the Manager's responsibilities set out on page 4, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up the Trust or to cease operations, or has no realistic alternative but to do so.

Auditor Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK Generally Accepted Accounting Practice including Financial Reporting Standard 102 and the IA Statement of Recommended Practice for Authorised Funds;
- The Financial Conduct Authority's COLL Rules;
- The Financial Conduct Authority's Investment Funds sourcebook; and
- The Trust's Prospectus.

We gained an understanding of how the Trust is complying with these laws and regulations by making enquiries of the Manager. We corroborated these enquiries through our review of submitted returns, external inspections, relevant correspondence with regulatory bodies and the Trust's breaches register.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how the Manager was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Manager oversees the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. We identified a heightened fraud risk in relation to:

- Management override of controls; and
- The completeness and classification of special dividends between revenue and capital.

Independent Auditor's report to the unitholders of The Barro II Trust (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing the level of and reasoning behind the Trust's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity and reviewing judgements made by the Manager in its calculation of accounting estimates for potential management bias;
- Using a third-party independent data source to assess the completeness of the special dividend population and determining whether special dividends recognised were revenue or capital in nature with reference to the underlying circumstances of the investee companies' dividend payments;
- Assessing the Trust's compliance with the key requirements of the Collective Investment Schemes sourcebook, Investment Funds sourcebook and its Prospectus;
- Completion of appropriate checklists and use of our experience to assess the Trust's compliance with the IA Statement of Recommended Practice for Authorised Funds; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

Use of Our Report

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

Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL
26 September 2025

Accounting policies of The Barro II Trust

for the year ended 31 May 2025

a Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments. They have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and in accordance with the Statement of Recommended Practice for UK Authorised Funds ('the SORP') published by The Investment Association in May 2014 and amended in June 2017, and the requirements of the Collective Investment Schemes sourcebook ('COLL') and the Investment Funds sourcebook ('FUND').

The Manager has considered a detailed assessment of the Fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the Fund continues to be open for trading and the Manager is satisfied the Fund has adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

b Valuation of investments

The purchases and sales of investments are included up to close of business on the last business day of the accounting year.

Purchases and sales of investments are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver an asset arises.

The quoted investments of the Fund have been valued at the global closing bid-market prices excluding any accrued interest in the case of debt securities ruling on the principal markets on which the stocks are quoted on the last business day of the accounting year.

Collective investment schemes are valued at the bid price for dual priced funds and at the single price for single priced funds and are valued at their most recent published price prior to the close of business valuation on 31 May 2025.

Structured products are valued at fair value and calculated by an independent source. Structured product holdings in the portfolio statement are valued using valuation models where the inputs are unobservable. The Manager engages a third party to provide valuations for these investments.

Derivatives are valued at the price which would be required to close out the contract at the balance sheet date.

Where an observable market price is unreliable or does not exist, investments are valued at the Manager's best estimate of the amount that would be received from an immediate transfer at arm's length. The Manager has appointed the fair value pricing committee to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset.

c Foreign exchange

The base currency of the Fund is UK sterling which is taken to be the Fund's functional currency.

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of such transactions. The resulting exchange differences are disclosed in note 2 of the Notes to the financial statements.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

d Revenue

Revenue is recognised in the Statement of total return on the following basis:

Dividends from quoted equity instruments and non equity shares are recognised as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

Overseas dividends are recognised as revenue gross of any withholding tax and the tax consequences are recognised within the tax expense.

Distributions from collective investment schemes are recognised as revenue on the date the securities are quoted ex-dividend. Equalisation on distributions from collective investment schemes is deducted from the cost of the investment and does not form part of the Fund's distribution.

Accounting policies of The Barro II Trust (continued)

for the year ended 31 May 2025

d Revenue (continued)

Distributions from collective investment schemes which are re-invested on behalf of the Fund are recognised as revenue on the date the securities are quoted ex-dividend and form part of the Fund's distribution.

Excess reportable income from reporting offshore funds is recognised as revenue when the reported distribution rate is available and forms part of the Fund's distribution.

Compensation is treated as either revenue or capital in nature depending on the facts of each particular case.

Special dividends are treated as either revenue or a repayment of capital depending on the facts of each particular case.

Interest on bank deposits and short term deposits is recognised on an accruals basis.

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Fund. The effective yield is a calculation that amortises any discount or premium on the purchase of an investment over its remaining life based on estimated cash flows. The amortised amounts form part of the distributable revenue and are calculated weekly and at each month end.

Ordinary stock dividends are recognised wholly as revenue on the basis of the market values of the shares on the date that 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. The ordinary element of scrip dividends is treated as revenue and forms part of the Fund's distributions.

e Expenses

All expenses, other than those relating to the purchase and sale of investments, are charged to revenue on an accrual basis.

Bank interest paid is charged to revenue.

f Taxation

Tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

UK corporation tax is provided as amounts to be paid/recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at 31 May 2025 to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Provision for deferred tax assets are only made to the extent the timing differences are expected to be of future benefit.

All foreign dividend revenue is recognised as a gross amount which includes any withholding tax deducted at source. Where foreign tax is withheld in excess of the applicable treaty rate a tax debtor is recognised to the extent that the overpayment is considered recoverable.

g Efficient Portfolio Management

Where appropriate, certain permitted instruments such as derivatives or forward currency contracts may be used for Efficient Portfolio Management purposes. Where such instruments are used to protect or enhance revenue, the revenue or expenses derived therefrom are included in the Statement of total return as revenue related items and form part of the distribution. Where such instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in the Statement of total return as capital related items.

Accounting policies of The Barro II Trust (continued)

for the year ended 31 May 2025

h Distribution policies

i Basis of distribution

The distribution policy is to distribute all available revenue after deduction of expenses payable from revenue. Distributions attributable to income units are paid to unitholders.

ii Unclaimed distributions

Distributions to unitholders outstanding after 6 years are taken to the capital property of the Fund.

iii Revenue

All revenue is included in the final distribution with reference to policy d.

iv Expenses

Expenses incurred against the revenue of the Fund are included in the final distribution, subject to any expense which may be transferred to capital for the purpose of calculating the distribution, with reference to policy e.

v Equalisation

Group 2 units are units purchased on or after the previous XD date and before the current XD date. Equalisation applies only to group 2 units. Equalisation is the average amount of revenue included in the purchase price of group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax in the hands of the unitholders but must be deducted from the cost of units for capital gains tax purposes. Equalisation per unit is disclosed in the Distribution table.

vi Revenue deficit

In the prior year, as expenses exceeded the revenue of the Fund no distribution was made and the revenue deficit was met by the capital property of the Fund.

Investment Manager's report

Investment performance 1 June 2024 to 31 May 2025*

The Barro II Performance: 3.49% (Total return, gross distributions reinvested)

Consumer Price Index +3% performance: 6.05%

Investment activities**

June 2024

Global equities rose by 2.2% (US dollar) over the month though this was largely driven by the US market and some of its Artificial Intelligence ('AI') related mega-cap names. The equal-weighted US index along with the global stocks excluding the US were flat in June. Growth stocks outpaced value shares by the widest amount since early in the year, as falling longer-term interest rates increased the notional value of future earnings. The Japanese Yen weakened to multi-decade lows against the US dollar and to a record low against the euro. US Gross Domestic Product ('GDP') estimates continued to suggest another quarter of solid economic growth whilst inflation continued to cool to 3.4% - its lowest reading in three years.

Unsurprisingly the European Central Bank ('ECB') cut its deposit rate by 0.25% to 3.75% as the US Federal Reserve ('Fed') and Bank of England ('BoE') left their interest rates unaltered – but both suggested that they were still likely to move lower this year. It was a busy month within the election cycle: the first US presidential debate took place and incumbent parties retained power in India, Mexico and South Africa. Indian shares fell sharply after the election results were much closer than markets had predicted. European shares also dropped on new political uncertainties as radical parties made gains in the EU elections which lead Emmanuel Macron to call a snap general election in France. Elsewhere, the UK was set for its general election on July 4th, with Labour remaining well ahead in the polls.

Within our discretionary portfolios, we increased our position in Eurofins in June. Following discussion with the CEO Gilles Martin, we have comfort that the issues raised by the Muddy Waters report were unfounded and did not bear rational analysis which was consistent with our view prior to the meeting. With the fall in its share price, our appraisal of forward returns has risen so we felt this warranted a larger position size within the portfolio. We also purchased a new resettable S&P 500 Index put warrant to increase portfolio protection in the event of an equity market drawdown. This has an exercise price (strike) of 4,800 points.

July 2024

Modest stock market returns disguised sharp mid-month rotations over the month – as global equities ended the month higher by 1.6% (US dollar). Protectionist rhetoric and another friendly US inflation release, boosting the chances of the Fed easing from September, may have partly explained the sharp rotation away from the mega-cap, 'technology' related names towards small caps. The US quarter 2 earnings season had a strong start as the blended earnings growth rate was tracking close to 10% year on year. Commodities continued their broad-based decline, despite the escalating conflict in the Middle East, as gold rose to another high in US dollar terms.

The US economy expanded by stronger-than-expected 0.7% quarter on quarter in quarter 2, marking the eighth consecutive quarter of growth, as Europe expanded at a softer pace (0.3%). Core Consumer Price Index ('CPI') edged lower to 3.3% in the US and remained elevated in the UK at 3.5%. As the Fed left its policy rate unaltered, Powell hinted that easing might begin in September. The BoE lowered its base rate by 25 basis points to 5.00% as the Bank of Japan modestly raised its policy rate target to around 0.25%. Another turbulent month in the political arena saw Trump's popularity briefly surge following the assassination attempt in Pennsylvania but the polling gap quickly reversed after Biden's withdrawal and endorsement of Vice President Harris. The Labour Party returned to power in the UK for the first time since 2010 as no party secured an absolute majority in France, resulting in a hung parliament.

Within the portfolio, we added two companies that own high quality windfarms across the UK and Europe – Greencoat UK Wind and Greencoat Renewables. Both companies are part of the ecosystem for enabling the exploitation of wind resource, helping to decarbonise national grids and meet longer-term government targets. The companies have highly experienced management teams with a good track record of buying a diversified range of wind assets and delivering attractive and consistent financial returns.

* Source: Bloomberg, 12pm mid-price.

** Source: Bloomberg.

Investment Manager's report (continued)

Investment activities* (continued)

August 2024

Global equities moved higher in August by 2.5% (US Dollar). Stock volatility initially surged at the start of the month as thin summer trading coincided with US growth fears, the retreat of 'big tech' and the technical unwind of Japan's carry trade. The VIX index – a measure of S&P 500 Index implied volatility – almost tripled intraday before swiftly returning to more 'normal' levels. Global stocks quickly retraced their losses back to all-time highs, although there was a more defensive sector rotation in the month.

US economic data were mixed over the month. Retail sales pointed to ongoing consumer momentum, but cracks started to appear in the labour market data. The unemployment rate unexpectedly rose to 4.3% - its highest reading in nearly three years – and the pace of job gains decelerated. Inflation continued to cool, edging lower to 3.2% in the US and 2.2% in the Eurozone. In Europe, the UK was the fastest growing G7 economy in the first half of the year with activity also looking healthy at the start of the third quarter.

With growth concerns and market volatility in focus, money markets quickly discounted a more dovish trajectory for US interest rate cuts this year - currently close to 1% of easing even after stocks rebounded. At the annual Jackson Hole Economic Symposium, Powell stated that 'the time has come for policy to adjust', a clear signal that the Fed is set to begin its easing cycle in September. Policymakers from the other major Central Banks also hinted that interest rates would continue to move lower, with the exception being the Bank of Japan.

We added to our holding in Sika when the market pulled back at the start of the month, as the price was at similar levels to our initial investment and forward returns looked attractive.

September 2024

As the major Central Banks continued to ease their respective policy rates, global stocks rose to fresh highs yet again. Following lacklustre returns in July and August, the US mega-cap names regained momentum. China's stock market surged by almost a quarter after authorities committed to further monetary and fiscal support towards the end of the month. The US yield curve 'uninverted' as shorter-dated government bond yields fell more sharply than longer-dated bonds. The major currencies continued to appreciate against the US dollar as there was also broad-based strength in commodities, including gold notching another new high.

Inflation remained at 3.2% in the US whilst rising to 3.6% in the UK. The Fed reduced its target rate range by a larger-than-anticipated 0.50 percentage points and signalled further easing ahead. Even so, money markets were still discounting a more dovish trajectory for US interest rate cuts over the near term. The ECB reduced their policy rate by 0.25 percentage points as the BoE remained on hold. In the first presidential debate, Kamala Harris appeared to outperform her opposition, though the popular vote polls remained within a margin of error. Congress also passed a temporary funding bill to avert a potential government shutdown. Elsewhere, former EU Brexit negotiator Michel Barnier was announced as the new French PM, while Shigeru Ishiba won the leadership race for Japan's ruling Liberal Democratic Party and called a general election for late October.

Within our discretionary portfolios, we added a position in Texas Instruments, the largest analogue semiconductor firm globally. Analogue semiconductors (chips) are the crucial link between the real world and the digital world. They are essential to the digital revolution. From an enabling perspective, a core analogue product is a power management chip, required in almost any electrically-powered device. These chips drive power efficiency – an ever increasingly important theme and they are especially important in electric vehicles and data centres. While the market views analogue chips as perhaps more boring than their digital counterparts which have been driven by the optimism around AI, we think they are far more interesting investment candidates – they grow faster, have stickier customers, and generate better cash returns. We trimmed our position in American Express, as this had reached close to our maximum risk levels. We also reduced our position in Moody's on valuation grounds.

October 2024

Stock and bond volatility increased over the month as global equities fell by 2.2% (US Dollar) despite global stocks briefly notching a new high mid-month. US stock market momentum faded but weakness was most visible outside North America – partly exacerbated by the impact of the strong dollar on a common currency basis. Japan was the only major region to report positive gains in local currency terms over the month, coincidentally as stimulus-driven momentum in China faded. Government bond yields surged across the US and Europe, notably the 10-year UK gilt yield rose to a 12-month high of 4.5% after the new government unveiled net fiscal loosening in their first budget. Meanwhile gold continued to hit fresh highs in US dollar terms. Finally, third quarter earnings growth was tracking at close to 10% year on year for the S&P 500 Index companies after more than 60% of stocks had reported their results.

* Source: Bloomberg.

Investment Manager's report (continued)

Investment activities* (continued)

October 2024 (continued)

US third-quarter activity expanded by 0.7% quarter on quarter underpinned by the US consumer – marking the tenth consecutive quarter of economic growth. Inflation continued to moderate as the US slowed to an annualised rate of 2.2% in quarter 3. Eurozone inflation data were stronger-than-expected in October though headline inflation was still subdued at 2%. Elsewhere, China's third-quarter GDP was tracking just below the government's 5% growth target. There was only a modest rebound in the October business survey data after authorities' initial stimulus measures.

Amid the resilient growth backdrop, money market rate cut expectations moderated in October with only one further 0.25 percentage point rate cut fully priced-in for the Fed and BoE this year. Meanwhile, the ECB reduced its deposit rate again to 3.25%, with markets expecting another cut in 2024. In the UK, Labour's first budget revealed higher taxes and spending for the UK with a net increase in borrowing relative to previous policies. Geopolitical uncertainty increased, notably in the Middle East following direct exchanges between Iran and Israel. China continued its intimidation of Taiwan, holding military drills around the island, while North Korea reportedly sent troops to fight with Russia. The outcome of the US presidential election loomed large, though the very tight opinion polls and betting odds tilted modestly in Trump's favour. Finally, in Japan, the incumbent Liberal Democratic Party's decision to call an early election backfired, as the coalition lost its majority.

There were no material changes made to the portfolio over the month.

November 2024

Global stocks briefly touched fresh highs in dollar terms following the US election, largely driven by the US. Stocks in continental Europe and Asia suffered most visibly in the face of Trump's tariff threats, but those moves were exacerbated by a stronger dollar. US stock market participation also broadened, with cyclical and small cap stocks performing better. In fixed income, the looming French budget vote prompted the spread between 10-year French and German government bonds to widen to levels not seen in more than a decade. Gold weakened over the month, while bitcoin surged, flirting with the \$100,000 threshold.

On 20th January, Donald Trump returned to the White House after winning the electoral college. Trump not only won the popular vote, but the Republicans also cemented their control of Congress. Trump has already appointed his key cabinet positions and was quick to threaten both Mexico and Canada with a 25% tariff on all products. Geopolitics remained uneasy as conflict in Ukraine intensified and hostilities in Syria reemerged, but a temporary ceasefire was agreed between Israel and Hezbollah. Biden and Xi held a meeting ahead of the G20 summit, while the outcome of COP 29 proved less fruitful, with a rushed last-minute agreement on financing for developing countries.

The Fed reduced its target rate for the second time to the 4.50-4.75% range and signalled a cautious approach ahead. Similarly, the BoE cut its base rate again to 4.75%. Fiscal developments moved centre stage, with budget-related fallouts causing political turbulence in Europe. Germany's governing coalition broke down, with a federal election scheduled for February, while Macron's government was on the cusp of a no-confidence vote in France (at the time of writing). Elsewhere, Chinese authorities announced further economic support, and the new coalition in Japan unveiled a post-election fiscal package.

Within our discretionary portfolios, we reduced the position sizes of a number of our return asset holdings where valuations have increased significantly. This is a continuation of action already taken this year with proceeds reinvested across our nominal bonds and cash proxies.

December 2024

Global equities declined by 2.4% (US Dollar) in December with broad-based weakness across regions, as the Fed unveiled hawkish-looking interest rate projections for the year ahead. However, global stocks rose by 17.5% in 2024 – largely driven by the US – marking the second consecutive year of double-digit returns. US stock market breadth declined in December, following the Trump-related bounce in November, though the tech-heavy US mega-cap names continued to outperform. In fixed income, government bonds were hurt by the evolving interest rate backdrop, with 10-year yields rising across the US and Europe. In commodities, oil edged higher but was down slightly overall in 2024. Despite the US dollar rising to an all-time high on a nominal trade-weighted basis, gold recorded its best year since 2010 in dollar terms.

* Source: Bloomberg.

Investment Manager's report (continued)

Investment activities* (continued)

December 2024 (continued)

US economic data generally remained upbeat in November: consumer spending was robust, jobs growth rebounded following weather-related disruptions, and business surveys showed a buoyant services sector. However, US inflation remained sticky, with core inflation unchanged at 3.3% and rising in the UK to 3.5%. The major Central Banks mostly continued to ease policy rates in December, though retained a hawkish tone. The Fed reduced its target rate to the 4.25-4.50% region and suggested two further rate cuts in 2025 in their quarterly projections (reduced from four). In Europe, the BoE left its base rate unchanged at 4.75% in a split decision. Conversely, the ECB appeared less concerned with its inflation risk, lowering the deposit rate to 3%.

Geopolitics remained uneasy, particularly in Ukraine and the Middle East – in the latter, the Assad regime fell in Syria. In the political sphere, a last-minute deal was reached to avert a US government shutdown. Macron selected François Bayrou as the new French PM, following Barnier's failed attempt to pass the budget. In Germany, Chancellor Scholz lost a confidence vote, setting the scene for a federal election in February. In other parts of the world, Canada's Finance Minister resigned amid Trump's tariff threats, and martial law was briefly declared in South Korea by the (now) former President.

Over the month, we purchased Citigroup S&P 500 Index 20 March 2026 to increase portfolio protection in the event of an equity market drawdown. This has an exercise price (strike) of 5,300 points.

January 2025

Global stocks rebounded in January, despite a concentrated sell-off within the technology sector. Reports of cost-efficient AI models emerging in China appeared to be the catalyst behind a sharp setback in semiconductor stocks, including NVIDIA. Even so, stock market gains were broad-based over the month, with European stocks ahead. In fixed income, government bond yields whipsawed in both the US and UK. The 10-year gilt yield briefly rose to a decade-and-a-half high of 4.9% though yields ended the month lower than where they started. Rising commodity prices coincided with fading US dollar momentum – notably, gold and bitcoin nudged all-time highs. The labour market continued to look healthy in December: the unemployment rate edged lower, jobs growth exceeded economists' expectations and jobless claims remained subdued.

US headline inflation drifted higher to 2.9% in December, largely due to energy prices. On the other side of the Atlantic, the euro area economy stagnated in the final quarter with both French and German output contracting. Inflation stayed above Central Banks' 2% targets in both the euro area and UK. The Fed paused its easing cycle in January and signalled a cautious approach ahead, after lowering its target rate range to 4.25-4.50% in its prior three meetings. Conversely, the ECB cut its deposit rate by 25 basis points, to 2.75%, amid a more subdued growth backdrop. Following his inauguration on January 20th, Donald Trump swiftly signed numerous executive orders, including actions to half immigration, rescind climate provisions, and freeze federal loans and grants. Trade threats – directed at Mexico, Canada, China and the EU – are pending, and territorial ambitions (e.g. Greenland) signalled a return to antagonistic posturing. In the Middle East, an initial ceasefire was reached between Israel and Hamas, though the war of attrition on Ukraine showed few signs of resolve. Elsewhere, new French PM François Bayrou survived a no confidence vote, while the UK government unveiled further projects designed to boost growth.

Within our discretionary portfolios, we redeemed our position in Amundi US Tech 100 Equal Weight UCITS ETF in full. The current valuation is 32x and was closer to 27-28x when we first purchased it in February 2022, meaning the forward return is now less attractive. We invested a portion of these proceeds to increase our position in Texas Instruments.

We also added a new fund to the strategy, Terra Capital Green Metals Cayman Fund. Critical minerals - which include copper, lithium, nickel, cobalt, graphite, and rare earth elements, are essential enablers of decarbonisation as they are crucial components of various clean energy technologies and the digital economy. Although crucial, the mining of these metals can have a material impact on people and the planet and it is therefore vital that capital is allocated to best-in-class companies. Terra invest based on both top-down commodity selection and deep bottom-up research on individual companies with detailed sustainability and impact analysis carried out for each business they own.

* Source: Bloomberg.

Investment Manager's report (continued)

Investment activities* (continued)

February 2025

As AI-related momentum continued to fade and Trump's tariffs moved into focus, US stocks retreated as investors pivot to the rest of the world, though European stocks continued their upward momentum despite Trump's protectionist threats. Remarkably, China's stock market surged by 12% in dollar terms, led by technology-like stocks and local AI enthusiasm. In fixed income, government bonds rallied, as yields fell across the US and Europe: the US 10-year note yield declined most visibly, to 4.2%. Meanwhile, gold notched another high as the US dollar softened. Bitcoin declined by almost a fifth in dollar terms.

A batch of weaker activity releases in the US appeared largely related to unusual seasonal effects (e.g., cold snaps and California wildfires). While manufacturing surveys remained upbeat, real-time US GDP estimates signalled a modest contraction in the first quarter, with surging imports ahead of expected tariffs also likely playing a big role. US CPI inflation was firmer than expected however at 3.3%. Conversely, European economic data were generally better than anticipated with inflation remaining sticky in January at 4% in the UK and 3% in the eurozone.

At his bi-annual testimony to Congress, Fed Chair Powell signalled that further progress on disinflation was needed for interest rates to continue to fall. Even so, money markets tilted in more dovish direction, with nearly three cuts pencilled-in for 2025. Over the pond, the BoE lowered its base rate to 4.5%, as expected, though some of the committee voted for a larger cut.

In geopolitics, Ukraine peace talks commenced, albeit in a fragmented manner. The US initially met with Russia, without Ukraine or Europe, while Zelensky's Oval Office visit at the end of the month ended abruptly following a fallout with Trump and Vance. Meanwhile, European nations – led by the UK and France – began drafting their own peace plan to take to the US. In Germany, the Christian Democratic Union returned to power in what will likely be a two-party coalition with the incumbent (but now diminished) centre-left Social Democratic Party. The incoming Chancellor, Friedrich Merz, is seeking to increase spending, particularly on defence. Meanwhile, Trump ramped up his tariff threats, reiterating that (delayed) 25% tariffs on Canada and Mexico would take effect on 4th March. An additional 10% tariff on China – and other non-tariff measures – was also announced, despite Trump earlier floating the possibility of a trade deal with Beijing. Moreover, tariffs on the EU and a wider reciprocal tariff policy – which may cover other taxes such as VAT – were scheduled for early April. Finally, the US House passed a \$4.5 trillion tax-cut bill, focused on extending tax cuts from Trump's first term.

There were no material changes made to the portfolio over the month.

March 2025

Global stocks declined by 4.0%, amid ongoing uncertainty around Trump's trade policies. The pivot away from US stocks persisted, with the index briefly falling by more than 10% from February's high. While much of this weakness can be attributed to the reversal in the mega-cap technology stocks, month-end fragility broadened with only two sectors in positive territory through March. Meanwhile, European stocks edged lower in common currency terms but were flattered by dollar weakness. In fixed income, US and European government bond yields diverged, with a notable uptick in German yields. Global high-yield credit spreads widened during the bout of stock volatility but remained low by historical standards. In commodities, energy price action was mixed. European natural gas fell by almost a tenth – while industrial and precious metal prices moved higher. Notably, gold breached the \$3,100 mark.

US growth concerns persisted, though underlying activity momentum appeared intact. While consumer confidence surveys worsened, US household spending rebounded modestly in February (from weather-related disruptions) and labour market dynamics remained robust. The timely Purchasing Managers' Indices – a closely-watched set of business surveys – also pointed to ongoing growth. US CPI inflation was softer than expected in February with core inflation falling to 3.1% year on year, respectively. In Europe, business surveys were generally softer though also continued to signal growth. Inflation rates similarly drifted lower in both the eurozone and UK but remained above the Central Banks 2% targets.

* Source: Bloomberg.

Investment Manager's report (continued)

Investment activities* (continued)

March 2025 (continued)

The Fed held its target rate in the 4.25-4.50% range and its latest economic projections continued to pencil-in two interest rate cuts in 2025. The BoE also left its base rate unchanged at 4.50% and signalled a gradual approach to easing ahead. Conversely, the ECB reduced their main policy rate to 2.50%. Geopolitics remained tense. There was tentative progress towards a partial ceasefire in Ukraine, though the Middle East one proved to be short-lived. Meanwhile, uncertainty around global trade persisted: Trump again delayed tariffs on Mexican and Canadian goods that were covered by the United States-Mexico-Canada Agreement, though announced 25% auto tariffs – among other measures – ahead of the so-called tariff 'Liberation Day' on 2 April 2025. At Capitol Hill, the tax cut extension bill stalled in the US Senate, while a government shutdown was averted. On the other side of the pond, the outgoing German parliament approved Chancellor Merz's huge fiscal package, focused on infrastructure and defence spending. The European Commission also unveiled a ReArm Europe Plan to increase defence investment.

Within our discretionary portfolios, we initiated a small position in Next, which we will likely increase over time. Perceived as an old economy bricks and mortar retailer of mid-priced, middle of the road apparel, Next has been quietly but meaningfully reinventing itself as a multi-brand platform selling third party brands since 2014. They have a 40-year history of innovation and successful strategic pivots including pioneering out of town stores and successfully launching a multibrand marketplace. Next is one of the world's most profitable retailers and is run by an outstanding operator and capital allocator in CEO Simon Wolfson who has an excellent multi-decade record of generating strong returns for shareholders.

April 2025

Despite considerable volatility, it was a positive month for global stocks in dollar terms (0.9%). Trump unveiled his 'Liberation Day' tariffs on 2 April, and global stocks quickly declined by more than 10% in less than a week. They then rebounded following the announcement of a 90-day pause in most of those tariffs, opening windows for negotiations. European stock indices extended their lead over US stocks in dollar terms, solely due to the softer dollar: both regional indices fell in local currency terms. In fixed income, the US 10-year note yield edged lower in April, though also after some volatility. Longer-dated treasuries initially rallied after the tariff announcement, then unusually sold off sharply even as stocks were falling, likely because of technical factors such as the unwinding of highly leveraged hedge fund strategies. In commodities, energy prices slumped, while gold conversely hit another high in dollar terms. The first-quarter US earnings season kicked off on a strong footing, but analysts started to lower their full-year earnings estimates.

The US economy shrank modestly in the first quarter, but this reflected a surge in imports ahead of likely tariffs. Activity was stronger than expected in both the eurozone and China. Meanwhile, inflation data were generally softer than anticipated in March on both sides of the Atlantic. With the exception of US imports, the hard economic data were yet to reflect any direct impact from the 'Liberation Day' tariffs. The tariffs revealed a 10% baseline tariff on all US imports, along with higher country-specific tariffs, marking a major break in trade policy over the past century. Shortly after, a 90-day pause in the country-specific tariffs was announced, which also had the effect of postponing wider retaliation. The exception was China, where tit-for-tat tariffs escalated to a 145% levy on Chinese imports (Beijing responded with a 125% tariff on US imports). Carve-outs were also later announced for certain country and sector-based tariffs, including electronic imports from China. Elsewhere, Republicans continued to work on a tax bill, focused mostly on extending Trump's first-term tax cuts, and Musk announced he would be reducing time spent on Department of Government Efficiency related activity.

Fed Chair Powell struck a hawkish tone, highlighting potential second-order inflationary effects from tariffs. Money markets conversely increased their rate cut bets, pricing in four cuts from the Fed in 2025. Trump also pressured Powell to lower rates – particularly after the ECB reduced its deposit rate, to 2.25% – though stated that he had no intention to remove him from his role. In geopolitics, there was progress on a Ukraine ceasefire, as the US and Ukraine signed a minerals deal, but direct talks between Russia and Ukraine were yet to be established.

Within our discretionary portfolios, we initiated a position in Union Pacific. North American railroads are deregulated regional monopolies or stable oligopolies with real pricing power that are inextricably linked to the economy. They face very low disruption risk and have almost unbreachable moats. Union Pacific has the broadest network within the US and the best network through the Gulf coast. Previously, the company was poorly run from an operational perspective. They lost volumes as service levels declined and customers would no longer accept higher prices. The CEO, Jim Vena, joined in August 2023 and is an incredibly skilled operator. He is a forceful personality and will do what needs to be done to improve performance and enforce accountability. Improving operations should drive cost reduction and improved service levels, leading to margin expansion.

* Source: Bloomberg.

Investment Manager's report (continued)

Investment activities* (continued)

May 2025

Global stocks recorded their best month since late 2023 (in dollar terms), as uncertainty around global trade eased. The US – and its mega-cap technology names – led the market higher, as did cyclically-exposed stock regions such as continental Europe. Nonetheless, non-US stock returns for the year remained well ahead of US returns, particularly in dollar terms. In fixed income, government bond yields rose in most of the major economies. While the moves were big for longer-dated US bonds – particularly after Moody's downgraded its top credit rating – yields also rose at the front-end of the curve, as markets tempered their rate cut expectations. In commodities, Brent Crude oil edged higher despite Organization of the Petroleum Exporting Countries announcing greater output plans, while gold was flat in dollar terms.

Economic data were generally stronger than expected on both sides of the Atlantic over the past month, and there were few signs of major supply chain stress from US tariffs. In the US, consumer spending slowed in April, though after a robust prior month. Overall, second-quarter US GDP estimates were tracking at a healthy pace of expansion. US inflation was softer than expected in April – core inflation stayed at 2.8% – but may not have fully captured the impact of tariffs yet. Across the Atlantic, European activity appeared more subdued but harder (or actual) economic data looked a little more robust. In the UK, for example, spending momentum persisted in April following a solid first quarter. Inflation was generally higher than anticipated in both the eurozone and UK in April, though again, not due to tariffs.

The Fed left its target rate unchanged in the 4.25-4.50% region and signalled a cautious approach to further easing. Several policymakers seemed concerned by the inflationary consequences of tariffs, rather than any hit to growth. The BoE reduced its base rate to 4.25%, but also signalled gradual easing ahead. The US and China agreed to pause their mutual sky-high tariffs for 90 days, with the additional tariff on China imports lowered to 30%. Trump then threatened the EU with a 50% tariff but put that on pause until July a few days after (though later raised steel and aluminium tariffs to 50%). The UK struck an initial trade deal with the US, while talks with other nations – including several in Asia – were ongoing. Remarkably, a US trade court deemed Trump's use of an emergency law to impose most of the tariffs illegal, but it is not clear what the practical impact of that ruling will be. In US Congress, the House finally passed the 'big, beautiful' tax bill, which focused mainly on extending existing tax cuts. Geopolitical stress persisted in May, but there was seeming progress on a peace deal in Ukraine: Russian and Ukrainian officials held direct talks for the first time in more than three years. Elsewhere in Europe, Merz officially became the new German Chancellor – though after an unprecedented two-round vote in parliament – and advocated raising defence spending to 5% of GDP over time. The EU-UK Summit proved to be productive, with both parties looking to strengthen trade, defence and security ties.

Within our discretionary portfolios, we increased our allocation to Pinnacle ICAV - Aikya Global Emerging Markets Fund to continue to broaden our exposure to Asia and emerging markets based on the attractive opportunity set. This was funded by a reduction in Constellation Software, as we resized the position in the context of forward return expectations.

Investment outlook

Numerous elections around the world during 2024 have settled some issues, but global tensions remain elevated, two traumatic conflicts are continuing – and political dysfunction may have crossed the Atlantic. Meanwhile, the business cycle has so far been helpful to investors, but may be a little less so in 2025 – not because we expect growth to slump, but because inflation risk may resurface, raising the possibility of another monetary rethink. Both of these concerns are manageable, but after very constructive outcomes in 2023 and 2024, expectations are more elevated now.

Rothschild & Co Wealth Management UK Limited

13 June 2025

* Source: Bloomberg.

Summary of portfolio changes

for the year ended 31 May 2025

The following represents the major purchases and sales in the year to reflect a clearer picture of the investment activities.

	Cost £
Purchases:	
US Treasury Inflation Indexed Bonds 0.75% 15/02/2042	2,010,830
36 South Pentaveli	1,747,000
Amundi MSCI Emerging Markets ETF	1,532,738
BlackRock ICS Sterling Government Liquidity Fund	1,507,863
UK Treasury Gilt 1.5% 31/07/2053	1,294,442
UK Treasury Gilt 0.875% 31/07/2033	1,251,420
US Treasury Inflation Indexed Bonds 0.875% 15/02/2047	1,248,619
Terra Capital Green Metals Cayman Fund	1,038,007
Texas Instruments	1,025,645
US Treasury Inflation Indexed Bonds 1.75% 15/01/2034	1,009,357
Kreditanstalt fuer Wiederaufbau 0.875% 15/09/2026	909,326
International Finance 4.5% 02/10/2028	717,092
Inter-American Development Bank 4.125% 28/04/2028	716,992
Greencoat Renewables	715,129
Greencoat UK Wind	609,554
KraneShares Global Carbon Strategy	539,410
Next	487,711
International Bank for Reconstruction & Development 4.125% 31/07/2031	480,304
European Investment Bank 3.625% 12/01/2032	479,936
Union Pacific	462,262
	Proceeds
	£
Sales:	
Pentaris QIAIF - Rothschild & Co WM Sustainable Bond Fund	4,798,682
CG Portfolio Fund - Real Return Fund	3,962,351
Amundi US Tech 100 Equal Weight UCITS ETF	1,653,352
BlackRock ICS Sterling Government Liquidity Fund	1,462,839
European Investment Bank 6.2004% 08/09/2025	1,387,195
Moody's	1,177,735
UK Treasury Gilt 1.5% 31/07/2053	962,700
Kreditanstalt fuer Wiederaufbau 0.875% 15/09/2026	915,322
S&P Global	896,011
US Treasury Inflation Indexed Bonds 0.125% 15/02/2052	852,384
American Express	791,154
Constellation Software	787,676
Inter-American Development Bank 4.125% 28/04/2028	723,658
Abbey Focus Fund	562,682
SparkChange Physical Carbon	549,732
Mastercard	524,855
Linde	454,578
US Treasury Inflation Indexed Bonds 0.75% 15/02/2042	426,732
Booking Holdings	417,404
Winton Trend Fund UCITS	301,636

Portfolio statement

as at 31 May 2025

	Nominal value or holding	Market value £	% of total net assets
Investment			
Debt Securities* 16.87% (7.26%)			
Aaa to Aa2 13.82% (7.26%)			
European Investment Bank 3.625% 12/01/2032	£503,000	479,882	0.98
International Bank for Reconstruction & Development 4.125% 31/07/2031	£487,000	480,426	0.98
International Finance 4.5% 02/10/2028	£714,000	720,797	1.47
US Treasury Inflation Indexed Bonds 0.75% 15/02/2042**	\$1,834,500	1,474,161	3.01
US Treasury Inflation Indexed Bonds 0.875% 15/02/2047**	\$1,615,200	1,134,390	2.32
US Treasury Inflation Indexed Bonds 1.75% 15/01/2034**	\$2,296,000	1,740,793	3.56
US Treasury Inflation Indexed Bonds 2.125% 15/04/2029**	\$936,400	735,596	1.50
		<u>6,766,045</u>	<u>13.82</u>
Aa3 to A1 3.05% (0.00%)			
UK Treasury Gilt 0.875% 31/07/2033	£1,663,997	1,259,562	2.57
UK Treasury Gilt 1.5% 31/07/2053	£527,853	235,713	0.48
		<u>1,495,275</u>	<u>3.05</u>
Total debt securities		<u>8,261,320</u>	<u>16.87</u>
Equities 41.35% (41.59%)			
Equities - incorporated in the United Kingdom 6.96% (5.97%)			
Industrials 2.33% (3.11%)			
Ashtead Group	26,297	1,139,975	2.33
Consumer Discretionary 1.15% (0.00%)			
Next	4,394	565,068	1.15
Financials 3.48% (2.86%)			
Admiral Group	50,802	1,701,867	3.48
Total equities - incorporated in the United Kingdom		<u>3,406,910</u>	<u>6.96</u>
Equities - Europe 8.06% (6.82%)			
Equities - Ireland 3.99% (3.44%)			
Greencoat Renewables	954,026	579,852	1.17
Linde	3,985	1,380,381	2.82
Total equities - Ireland		<u>1,960,233</u>	<u>3.99</u>
Equities - Luxembourg 2.54% (2.25%)			
Eurofins Scientific	25,146	1,243,435	2.54
Equities - Netherlands 0.26% (0.00%)			
Adyen	89	126,049	0.26
Equities - Switzerland 1.27% (1.13%)			
Sika	3,130	620,689	1.27
Total equities - Europe		<u>3,950,406</u>	<u>8.06</u>

* Grouped by credit rating - source: Interactive Data and Bloomberg.

** Variable interest security.

Portfolio statement (continued)
as at 31 May 2025

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities (continued)			
Equities - North America 26.33% (28.80%)			
Equities - Canada 3.24% (4.97%)			
Canadian Pacific Kansas City	17,966	1,087,379	2.22
Constellation Software	211	498,185	1.02
Total equities - Canada		<u>1,585,564</u>	<u>3.24</u>
Equities - United States 23.09% (23.83%)			
American Express	7,534	1,641,887	3.35
Booking Holdings	377	1,541,050	3.15
Cable One	843	91,473	0.19
Charter Communications	1,400	410,953	0.84
Comcast	34,871	892,882	1.82
Deere	3,893	1,461,098	2.98
Liberty Broadband	2,432	169,161	0.35
Mastercard	3,705	1,604,726	3.28
Moody's	3,052	1,084,353	2.21
S&P Global	2,858	1,086,551	2.22
Texas Instruments	6,405	867,695	1.77
Union Pacific	2,760	453,372	0.93
Total equities - United States		<u>11,305,201</u>	<u>23.09</u>
Total equities - North America		<u>12,890,765</u>	<u>26.33</u>
Total equities		<u>20,248,081</u>	<u>41.35</u>
Closed-Ended Funds - incorporated in the United Kingdom 0.99% (0.00%)			
Greencoat UK Wind	434,451	491,799	0.99
Collective Investment Schemes 36.75% (50.68%)			
UK Authorised Collective Investment Schemes 4.06% (4.57%)			
Ninety One Funds Series III - Global Environment Fund	1,310,491	1,987,884	4.06
Offshore Collective Investment Schemes 32.69% (46.11%)			
36 South Pentaveli	1,639	1,609,914	3.29
Abbey Focus Fund	13,684	1,375,278	2.83
Amundi MSCI Emerging Markets ETF	29,802	1,363,889	2.79
BlackRock ICS Sterling Government Liquidity Fund	13,514	1,532,372	3.13
CFM IS Trends Equity Capped Fund Class IF	485	655,851	1.34
CFM IS Trends Equity Capped Fund Class N	874	1,143,252	2.33
CFM IS Trends Fund Class WD	7,923	1,282,024	2.62
Multirange SICAV - One River Dynamic Convexity	11,033	686,833	1.40
Pentaris QIAIF - Bares US Equity Fund	13,041	1,324,631	2.71
Pinnacle ICAV - Aikya Global Emerging Markets Fund	201,093	2,237,559	4.57
Terra Capital Green Metals Cayman Fund	1,300	994,676	2.03
WHEB Environmental Impact Fund	29,880	1,787,841	3.65
Total offshore collective investment schemes		<u>15,994,120</u>	<u>32.69</u>
Total collective investment schemes		<u>17,982,004</u>	<u>36.75</u>

Portfolio statement (continued)

as at 31 May 2025

	Nominal value or holding	Market value £	% of total net assets
Investment			
Exchange Traded Commodities 0.98% (1.07%)			
KraneShares Global Carbon Strategy	25,609	478,739	0.98
Structured Products^ 0.23% (0.33%)			
Citigroup S&P 500 Index 19 December 2025	547	42,884	0.09
Citigroup S&P 500 Index 20 March 2026	552	69,743	0.14
J.P.Morgan S&P 500 Index 20 June 2025	447	972	-
Total structured products		113,599	0.23
Warrants 0.00% (0.00%)			
Constellation Software Warrants 31/03/2040^^	575	-	-
Forward currency contracts 0.98% (0.46%)			
Sell euro	(€3,444,000)	(2,925,722)	
Buy UK sterling	£2,987,126	2,987,126	
Expiry date 24 October 2025		61,404	0.12
Sell US dollar	(\$18,751,000)	(13,897,078)	
Buy UK sterling	£14,316,937	14,316,937	
Expiry date 17 October 2025		419,859	0.86
Total forward currency contracts		481,263	0.98
Portfolio of investments		48,056,805	98.15
Other net assets		906,483	1.85
Total net assets		48,963,288	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated. Forward contracts are not listed on stock exchanges and are considered over-the-counter instruments.

The comparative figures in brackets are as at 31 May 2024.

United Kingdom equities are grouped in accordance with Global Industry Classification Standard ('GICS').

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^ Structured products are priced at fair value by an independent source.

^^ Constellation Software Warrants 31/03/2040 were priced by the fair value committee and were deemed of nil value due to the warrants having no prospects of becoming listed or exercisable.

Risk and reward profile*

The risk and reward indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank 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 future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the risk and reward indicator.



The Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

For full details on risk factors for the Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

* As per the KIID published on 2 July 2025.

Comparative table

The following disclosures give a unitholder an indication of the performance of a unit in the Fund. It also discloses the operating charges and direct transaction costs applied to each unit. Operating charges are those charges incurred in operating the Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	2025	2024	2023
	p	p	p
Income			
Change in net assets per unit			
Opening net asset value per unit	150.31	139.58	139.48
Return before operating charges	7.14	13.12	2.01
Operating charges	(2.10)	(1.96)	(1.84)
Return after operating charges *	5.04	11.16	0.17
Distributions [^]	(1.79)	(0.43)	(0.07)
Closing net asset value per unit	153.56	150.31	139.58
* after direct transaction costs of:	0.11	0.03	0.01
Performance			
Return after charges	3.35%	8.00%	0.12%
Other information			
Closing net asset value (£)	48,963,288	49,415,656	47,468,010
Closing number of units	31,885,538	32,875,677	34,008,299
Operating charges ^{^^}	1.37%	1.35%	1.34%
Direct transaction costs	0.07%	0.02%	0.01%
Published prices			
Highest offer unit price	167.7	161.9	150.8
Lowest bid unit price	144.8	135.1	129.8

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

[^] Rounded to 2 decimal places.

^{^^} The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the Manager's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which may occur in a year as it is calculated on historical data.

The OCF includes expenses incurred by underlying holdings of collective investment schemes and closed ended vehicles such as investment trusts in relation to the Fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 30 November 2023, the synthetic OCF calculation no longer includes closed ended vehicles.

Financial statements - The Barro II Trust

Statement of total return for the year ended 31 May 2025

	Notes	2025		2024	
		£	£	£	£
Income:					
Net capital gains	2		1,012,548		3,612,926
Revenue	3	1,120,053		676,429	
Expenses	4	<u>(517,908)</u>		<u>(513,390)</u>	
Net revenue before taxation		602,145		163,039	
Taxation	5	<u>(27,233)</u>		<u>(24,801)</u>	
Net revenue after taxation			<u>574,912</u>		<u>138,238</u>
Total return before distributions			1,587,460		3,751,164
Distributions	6		(574,890)		(145,675)
Change in net assets attributable to unitholders from investment activities			<u>1,012,570</u>		<u>3,605,489</u>

Statement of change in net assets attributable to unitholders for the year ended 31 May 2025

		2025		2024	
		£	£	£	£
Opening net assets attributable to unitholders			49,415,656		47,468,010
Amounts receivable on issue of units		3,812,439		171,503	
Amounts payable on cancellation of units		<u>(5,277,377)</u>		<u>(1,829,346)</u>	
			(1,464,938)		(1,657,843)
Change in net assets attributable to unitholders from investment activities			1,012,570		3,605,489
Closing net assets attributable to unitholders			<u>48,963,288</u>		<u>49,415,656</u>

Balance sheet
as at 31 May 2025

	Notes	2025 £	2024 £
Assets:			
Fixed assets:			
Investments		48,056,805	50,101,804
Current assets:			
Debtors	7	162,306	557,372
Cash and cash equivalents	8	1,408,374	298,527
Total assets		<u>49,627,485</u>	<u>50,957,703</u>
Liabilities:			
Creditors:			
Distribution payable		(177,602)	-
Other creditors	9	(486,595)	(1,542,047)
Total liabilities		<u>(664,197)</u>	<u>(1,542,047)</u>
Net assets attributable to unitholders		<u><u>48,963,288</u></u>	<u><u>49,415,656</u></u>

Notes to the financial statements

for the year ended 31 May 2025

1. Accounting policies

The accounting policies are disclosed on pages 9 to 11.

2. Net capital gains

	2025	2024
	£	£
Non-derivative securities - realised gains	3,656,783	1,234,599
Non-derivative securities - movement in unrealised (losses) / gains	(3,567,423)	2,525,008
Derivative contracts - realised losses	(136,571)	(170,243)
Derivative contracts - movement in unrealised gains / (losses)	205,834	(209,049)
Currency gains / (losses)	14,374	(20,591)
Forward currency contracts gains	851,250	258,611
Compensation	37	-
Transaction charges	(11,736)	(5,409)
Total net capital gains	<u>1,012,548</u>	<u>3,612,926</u>

3. Revenue

	2025	2024
	£	£
UK revenue	178,783	97,383
Overseas revenue	607,146	396,314
Interest on debt securities	327,722	173,854
Bank and deposit interest	6,402	8,807
Stock dividends	-	71
Total revenue	<u>1,120,053</u>	<u>676,429</u>

4. Expenses

	2025	2024
	£	£
Payable to the Manager and associates		
Annual management charge*	512,068	507,744
Annual management charge rebate*	(24,602)	(24,386)
	<u>487,466</u>	<u>483,358</u>
Payable to the Trustee		
Trustee fees	<u>16,234</u>	<u>16,092</u>
Other expenses:		
Audit fee	9,136	8,700
Non-executive directors' fees	905	1,787
Safe custody fees	2,528	2,255
Bank interest	374	118
FCA fee	622	269
KIID production fee	333	459
Administration fee	310	352
	<u>14,208</u>	<u>13,940</u>
Total expenses	<u>517,908</u>	<u>513,390</u>

* The annual management charge is 1.04% and includes the Manager's periodic charge and the Investment Manager's fees. Where the Manager's periodic charge and the Investment Manager's fee are cumulatively lower than the annual management charge a rebate may occur. For the year ended 31 May 2025, the annual management charge after rebates is 0.99%.

Notes to the financial statements (continued)

for the year ended 31 May 2025

5. Taxation	2025	2024
	£	£
<i>a. Analysis of the tax charge for the year</i>		
Overseas tax withheld	<u>27,233</u>	<u>24,801</u>
Total taxation (note 5b)	<u><u>27,233</u></u>	<u><u>24,801</u></u>

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2024: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2024: 20%). The differences are explained below:

	2025	2024
	£	£
Net revenue before taxation	<u>602,145</u>	<u>163,039</u>
Corporation tax @ 20%	120,429	32,608
Effects of:		
UK revenue	(35,757)	(19,491)
Overseas revenue	(73,557)	(52,044)
Overseas tax withheld	27,233	24,801
Excess management expenses	-	38,927
Utilisation of excess management expenses	<u>(11,115)</u>	<u>-</u>
Total taxation (note 5a)	<u><u>27,233</u></u>	<u><u>24,801</u></u>

c. Provision for deferred taxation

At the year end, a deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £612,284 (2024: £623,399).

6. Distributions

The distributions take account of revenue added on the issue of units and revenue deducted on the cancellation of units, and comprise:

	2025	2024
	£	£
Quarter 1 income distribution	84,232	11,486
Interim income distribution	175,969	133,566
Quarter 3 income distribution	137,250	-
Final income distribution	<u>177,602</u>	<u>-</u>
	575,053	145,052
Equalisation:		
Amounts deducted on cancellation of units	10,912	685
Amounts added on issue of units	(11,075)	-
Net equalisation on conversions	<u>-</u>	<u>(62)</u>
Total net distributions	<u><u>574,890</u></u>	<u><u>145,675</u></u>

Reconciliation between net revenue and distributions:

Net revenue after taxation per Statement of total return	574,912	138,238
Undistributed revenue brought forward	-	253
Revenue shortfall transferred from capital	-	7,184
Undistributed revenue carried forward	<u>(22)</u>	<u>-</u>
Distributions	<u><u>574,890</u></u>	<u><u>145,675</u></u>

Details of the distribution per unit are disclosed in the Distribution table.

Notes to the financial statements (continued)

for the year ended 31 May 2025

7. Debtors	2025	2024
	£	£
Sales awaiting settlement	-	492,205
Accrued revenue	155,937	62,714
Recoverable overseas withholding tax	6,304	-
Prepaid expenses	-	333
	<u>162,241</u>	<u>555,252</u>
Payable from the Manager and associates		
Annual management charge rebate	<u>65</u>	<u>2,120</u>
Total debtors	<u><u>162,306</u></u>	<u><u>557,372</u></u>
8. Cash and cash equivalents	2025	2024
	£	£
Total cash and cash equivalents	<u><u>1,408,374</u></u>	<u><u>298,527</u></u>
9. Other creditors	2025	2024
	£	£
Amounts payable on cancellation of units	127,397	75,000
Purchases awaiting settlement	345,594	1,456,395
Currency trades outstanding	1,906	-
Accrued expenses:		
Payable to the Manager and associates		
Annual management charge	<u>1,403</u>	<u>-</u>
Other expenses:		
Trustee fees	45	-
Safe custody fees	743	945
Audit fee	9,136	8,700
Non-executive directors' fees	-	730
FCA fee	100	50
Transaction charges	<u>271</u>	<u>227</u>
	<u>10,295</u>	<u>10,652</u>
Total accrued expenses	<u><u>11,698</u></u>	<u><u>10,652</u></u>
Total other creditors	<u><u>486,595</u></u>	<u><u>1,542,047</u></u>

10. Commitments and contingent liabilities

At the balance sheet date there are no commitments or contingent liabilities.

11. Unit classes

The following reflects the change in units in issue in the year:

	Income
Opening units in issue	32,875,677
Total units issued in the year	2,431,905
Total units cancelled in the year	<u>(3,422,044)</u>
Closing units in issue	<u><u>31,885,538</u></u>

Further information in respect of the return per unit is disclosed in the Comparative table.

Notes to the financial statements (continued)

for the year ended 31 May 2025

12. Related party transactions

Tutman Fund Solutions Limited (previously Evelyn Partners Fund Solutions Limited), as Manager is a related party due to its ability to act in respect of the operations of the Fund.

The Manager acts as principal in respect of all transactions of units in the Fund. The aggregate monies received and paid through the creation and cancellation of units are disclosed in the Statement of change in net assets attributable to unitholders of the Fund.

Amounts payable to the Manager and its associates are disclosed in note 4. The amounts due from/to the Manager and its associates at the balance sheet date are disclosed in notes 7 and 9.

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per income unit has increased from 153.3p to 157.7p as at 19 September 2025. This movement takes into account routine transactions but also reflects the market movements of recent months.

14. Transaction costs

a Direct transaction costs

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to agents, advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs		Commission		Taxes		Purchases after transaction costs
	£		£	%	£	%	£
2025							
Equities	3,577,261		1,308	0.04%	4,088	0.11%	3,582,657
Closed-Ended Funds	1,321,184		455	0.03%	3,045	0.23%	1,324,684
Bonds*	10,413,049		-	-	-	-	10,413,049
Collective Investment Schemes	7,995,327		67	0.00%	21,704	0.27%	8,017,098
Exchange Traded Commodities*	539,410		-	-	-	-	539,410
Structured Products*	148,844		-	-	-	-	148,844
Total	23,995,075		1,830	0.07%	28,837	0.61%	24,025,742

	Purchases before transaction costs		Commission		Taxes		Purchases after transaction costs
	£		£	%	£	%	£
2024							
Equities	1,441,283		704	0.05%	-	-	1,441,987
Bonds*	5,847,036		-	-	-	-	5,847,036
Collective Investment Schemes	5,018,860		-	-	7,456	0.15%	5,026,316
Exchange Traded Commodities*	487,072		-	-	-	-	487,072
Structured Products	442,953		82	0.02%	-	-	443,035
Total	13,237,204		786	0.07%	7,456	0.15%	13,245,446

* No direct transaction costs were incurred in these transactions.

Notes to the financial statements (continued)

for the year ended 31 May 2025

14. Transaction costs (continued)

a Direct transaction costs (continued)

Capital events amount of £nil (2024: £70) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

	Sales before transaction costs		Commission	Taxes		Sales after transaction costs
	£	%		£	%	
2025	£		£	%	£	£
Equities	6,251,376	(2,633)	0.04%	(134)	0.00%	6,248,609
Bonds*	5,390,166	-	-	-	-	5,390,166
Collective Investment Schemes	14,369,622	-	-	(809)	0.01%	14,368,813
Exchange Traded Commodities*	549,732	-	-	-	-	549,732
Structured Products*	266,901	-	-	-	-	266,901
Total	26,827,797	(2,633)	0.04%	(943)	0.01%	26,824,221

	Sales before transaction costs		Commission	Taxes		Sales after transaction costs
	£	%		£	%	
2024	£		£	%	£	£
Equities	2,091,951	(955)	0.05%	(15)	0.00%	2,090,981
Bonds*	8,298,174	-	-	-	-	8,298,174
Collective Investment Schemes	3,001,543	-	-	(97)	0.00%	3,001,446
Total	13,391,668	(955)	0.05%	(112)	0.00%	13,390,601

Capital events amount of £7,986 (2024: £922) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

Summary of direct transaction costs

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

2025	£	% of average net asset value
Commission	4,463	0.01%
Taxes	29,780	0.06%
2024	£	% of average net asset value
Commission	1,741	0.00%
Taxes	7,568	0.02%

b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.24% (2024: 0.29%).

* No direct transaction costs were incurred in these transactions.

Notes to the financial statements (continued)

for the year ended 31 May 2025

15. Risk management policies

In pursuing the Fund's investment objective, as set out in the Prospectus, the following are accepted by the Manager as being the main risks from the Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the Manager's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the Manager, which sets the risk appetite and ensures continued compliance with the management of all known risks.

a Market risk

Market risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

(i) Other price risk

The Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are equities, collective investment schemes, closed-ended funds and exchange traded commodities.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Fund is exposed to price fluctuations, which are monitored by the Manager in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2025, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders of the Fund would increase or decrease by approximately £1,960,461 (2024: £2,306,024).

(ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts may be used to manage the portfolio exposure to currency movements.

The foreign currency risk profile of the Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2025	£	£	£
Canadian dollar	875,887	-	875,887
Euro	2,017,396	19,992	2,037,388
Swiss franc	620,689	-	620,689
US dollar	24,932,665	27,667	24,960,332
Total foreign currency exposure	28,446,637	47,659	28,494,296

Notes to the financial statements (continued)

for the year ended 31 May 2025

15. Risk management policies (continued)

a Market risk (continued)

(ii) Currency risk (continued)

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2024	£	£	£
Canadian dollar	1,250,524	-	1,250,524
Euro	1,641,181	-	1,641,181
Swiss franc	559,090	-	559,090
US dollar	23,932,378	(954,603)	22,977,775
Total foreign currency exposure	27,383,173	(954,603)	26,428,570

At 31 May 2025, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to unitholders of the Fund would increase or decrease by approximately £583,575 (2024: £577,693). Forward currency contracts are used to manage the portfolio exposure to currency movements.

(iii) Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes.

During the year the Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The Fund also has indirect exposure to interest rate risk as it invests in bond funds.

The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 May 2025, if interest rates increased or decreased by 25 basis points, with all other variables remaining constant, then the net assets attributable to unitholders of the Fund would increase or decrease by approximately £205,571 (2024: £84,014).

The Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2025	£	£	£	£	£
Canadian dollar	377,702	-	498,185	-	875,887
Euro	68,060	-	1,969,328	-	2,037,388
Swiss franc	-	-	620,689	-	620,689
UK sterling	962,612	3,176,380	16,994,197	(664,197)	20,468,992
US dollar	5,084,940	-	19,875,392	-	24,960,332
	6,493,314	3,176,380	39,957,791	(664,197)	48,963,288

Notes to the financial statements (continued)

for the year ended 31 May 2025

15. Risk management policies (continued)

a Market risk (continued)

(iii) Interest rate risk (continued)

	Variable rate financial assets	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£	£	£	£	£
Canadian dollar	-	-	1,250,524	-	1,250,524
Euro	-	-	1,641,181	-	1,641,181
Swiss franc	-	-	559,090	-	559,090
UK sterling	1,687,490	-	21,385,248	(85,652)	22,987,086
US dollar	2,197,506	-	22,236,664	(1,456,395)	22,977,775
	<u>3,884,996</u>	<u>-</u>	<u>47,072,707</u>	<u>(1,542,047)</u>	<u>49,415,656</u>

b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Trustee has appointed the custodian to provide custody services for the assets of the Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Fund. The Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors, and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Portfolio statement.

The Fund holds cash and cash deposits with financial institutions which potentially exposes the Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

c Liquidity risk

A significant risk is the cancellation of units which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of units at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in units in the Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Fund may not be able to immediately sell such securities.

To reduce liquidity risk the Manager will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Fund.

Notes to the financial statements (continued)

for the year ended 31 May 2025

15. Risk management policies (continued)

c Liquidity risk (continued)

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the Fund to meet large redemptions, while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts these are payable in less than one year.

d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the Manager to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2025	2025
	£	£
Quoted prices	30,538,001	-
Observable market data	17,405,205	-
Unobservable data*	113,599	-
	<u>48,056,805</u>	<u>-</u>
	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£	£
Quoted prices	26,671,548	-
Observable market data	23,267,781	-
Unobservable data*	162,475	-
	<u>50,101,804</u>	<u>-</u>

*Structured product holdings in the portfolio statement are valued using valuation models where the inputs are unobservable. The Manager engages a third party to provide valuations for these investments.

*The following security is valued in the portfolio of investments using a valuation technique:

*Constellation Software Warrants 31/03/2040 were priced by the fair value committee and were deemed of nil value due to the warrants having no prospects of becoming listed or exercisable.

Unobservable data

Unobservable data has been used only where relevant observable market data is not available. Where there was no reputable price source for an investment, the Manager has assessed information available from internal and external sources in order to arrive at an estimated fair value. The fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. The Manager of the Fund also makes judgements and estimates based on their knowledge of recent investment performance, historical experience and other the assumptions used are under continuous review by the Manager with particular attention paid to the carrying value of the investments.

Notes to the financial statements (continued)

for the year ended 31 May 2025

15. Risk management policies (continued)

e Assets subject to special arrangements arising from their illiquid nature

The following asset held in the portfolio of investments are subject to special arrangements arising from their illiquid nature:

	2025	2024
	% of the total net asset value	% of the total net asset value
Constellation Software Warrants 31/03/2040	0.00%	0.00%

f Derivatives

The Fund may employ derivatives with the aim of reducing the Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The Manager monitors that any exposure is covered globally to ensure adequate cover is available to meet the Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year the Fund had exposure to derivatives embedded in structured products, warrants and forward contracts. On a daily basis, exposure is calculated in UK sterling using the commitment approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in a Fund at any given time and may not exceed 100% of the net asset value of the property of the Fund.

For certain derivative transactions cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

In the year, the Fund held structured products with embedded derivatives. Exposure created by underlying derivatives is monitored by the Manager as well as the rating of the issuer of the structured product. A third party is used to verify the prices of the structured products.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

(i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition the Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The Fund may transact in derivative contracts which potentially exposes the Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Trustee.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

(ii) Leverage

The leverage is calculated as the exposure generated through the use of derivatives (calculated in accordance with the commitment approach) divided by the net asset value.

As at the balance sheet date, the leverage was 0.38%.

Notes to the financial statements (continued)

for the year ended 31 May 2025

15. Risk management policies (continued)

f Derivatives (continued)

(iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date the global exposure is as follows:

	Gross exposure value £	% of the total net asset value
Investment		
Structured Products		
Citigroup S&P 500 Index 19 December 2025	72,953	0.15%
Citigroup S&P 500 Index 20 March 2026	75,890	0.15%
J.P.Morgan S&P 500 Index 20 June 2025	39,481	0.08%
Forward Currency Contracts		
Value of short position - euro	2,925,722	5.98%
Value of short position - US dollar	13,897,078	28.38%

There have been no collateral arrangements in the year.

Distribution table

for the year ended 31 May 2025

Quarter 1 distribution in pence per unit

Group 1 - Units purchased before 1 June 2024

Group 2 - Units purchased 1 June 2024 to 31 August 2024

	Net revenue	Equalisation	Total distribution 20 October 2024	Total distribution 20 October 2023
Income				
Group 1	0.261	-	0.261	0.034
Group 2	0.256	0.005	0.261	0.034

Interim distribution in pence per unit

Group 1 - Units purchased before 1 September 2024

Group 2 - Units purchased 1 September 2024 to 30 November 2024

	Net revenue	Equalisation	Total distribution 20 January 2025	Total distribution 20 January 2024
Income				
Group 1	0.548	-	0.548	0.398
Group 2	0.080	0.468	0.548	0.398

Quarter 3 distribution in pence per unit

Group 1 - Units purchased before 1 December 2024

Group 2 - Units purchased 1 December 2024 to 28 February 2025

	Net revenue	Equalisation	Total distribution 20 April 2025	Total distribution 20 April 2024
Income				
Group 1	0.427	-	0.427	-
Group 2	0.137	0.290	0.427	-

Final distribution in pence per unit

Group 1 - Units purchased before 1 March 2025

Group 2 - Units purchased 1 March 2025 to 31 May 2025

	Net revenue	Equalisation	Total distribution 20 July 2025	Total distribution 20 July 2024
Income				
Group 1	0.557	-	0.557	-
Group 2	0.557	-	0.557	-

Equalisation

Equalisation applies only to group 2 units. It is the average amount of revenue included in the purchase price of group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax in the hands of the unitholders but must be deducted from the cost of units for capital gains tax purposes.

Remuneration

Remuneration code disclosure

The remuneration committee is responsible for setting the remuneration policy for all partners, directors and employees within Evelyn Partners Group Limited ('the Group'), including individuals designated as Material Risk Takers (MRTs) under the Remuneration Code. The remuneration policy is designed to be compliant with the Code and provides a framework to attract, retain, motivate and reward partners, directors and employees. The overall policy is designed to promote the long-term success of the group and to support prudent risk management, with particular attention to conduct risk.

Remuneration committee

The remuneration committee report contained in the Group Report and Financial Statements for the year ended 31 December 2024 includes details on the remuneration policy. The remuneration committee comprises three independent non-executive directors¹ and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met seven times during 2024.

Remuneration policy

The main principles of the remuneration policy are:

- aligns the interests of employees with those of our clients/customers and investors;
- is compliant with relevant regulation and considers market best practice;
- is pragmatic, flexible, economic, and considers the commercial objectives of the business;
- is competitive and helps the Group attract and retain talented people;
- encourages behaviours consistent with the Group's values, ambitions, strategy, and risk appetite (including environmental, social and governance risk factors);
- supports the delivery of fair outcomes for our clients; and
- is clear, fair, free from bias and based on objective criteria that avoids discrimination (including gender).

Remuneration systems

Fixed pay is determined by considering an employee's role and responsibilities, external market information, and internal budgets/affordability. The remuneration committee considers all of these factors when determining appropriate salary/fixed profit share budgets as part of the annual pay review, and by exception any increases outside of the annual pay review.

Evelyn Partners operates Discretionary Incentive Plans (DIP) – these are discretionary bonus schemes that enable employees to be recognised for their hard work and commitment, through linking reward to the performance and outcomes, including client outcomes, of both the business and the individual employee.

Bonus awards under a DIP are made in cash and/or equity awards and are driven by the following factors:

- The financial performance (primarily EBITDA performance) of the business;
- An employee's individual performance in relation to the Group's key performance indicators and financial outcomes;
- An employee's individual performance in relation to behaviours which are in line with the Group's values, which includes client outcomes and regulatory compliance; and
- A risk and control review, which includes client outcomes.

¹ Please note that the data provided for the independent non-executive directors is as at 31 December 2024. The data provided is for independent non-executive directors only.

Remuneration (continued)

Aggregate quantitative information

The total amount of remuneration paid by Evelyn Partners Fund Solutions Limited ('EPFL') is nil as EPFL has no employees. However, a number of employees have remuneration costs recharged to EPFL and the annualised remuneration for these 70 employees is £3.58 million of which £3.19 million is fixed remuneration. This is based on the salary and benefits for those identified as working in EPFL as at 31 December 2024. Any variable remuneration is awarded for the year ended 31 December 2024. This information excludes any senior management or other Material Risk Takers (MRTs) whose remuneration information is detailed below.

Evelyn Partners Group Limited reviews its MRTs at least annually. These individuals are employed by and provide services to other companies in the Group. It is difficult to apportion remuneration for these individuals in respect of their duties to EPFL. For this reason, the aggregate total remuneration awarded for the year 31 December 2024 for senior management and other MRTs detailed below has not been apportioned.

Table to show the aggregate remuneration split by Senior Management and other MRTs for EPFL	For the period 1 January 2024 to 31 December 2024				
	Fixed £'000	Variable Cash £'000	Variable Equity £'000	Total £'000	No. MRTs
Senior Management	3,448	2,470	-	5,918	15
Other MRTs	477	338	-	815	5
Total	3,925	2,808	-	6,733	20

Investment Manager

The Manager delegates the management of the Fund's portfolio of assets to Rothschild & Co Wealth Management UK Limited and pays to the Investment Manager, out of the annual management charge, a monthly fee calculated on the total value of the portfolio of investments at the month end. The Investment Manager is compliant with the Capital Requirements Directive regarding remuneration and therefore their staff are covered by remuneration regulatory requirements.

Further information

Distributions and reporting dates

Where net revenue is available it will be distributed quarterly on 20 July (final), 20 October (quarter 1), 20 January (interim) and 20 April (quarter 3). In the event of a distribution, unitholders will receive a tax voucher.

XD dates:	1 June	final
	1 September	interim
	1 December	interim
	1 March	interim
Reporting dates:	31 May	annual
	30 November	interim

Buying and selling units

The property of the Fund is valued at 12pm every Friday, except in the week when the last business day of the month falls, when it is valued on the last business day of the month with the exception of any bank holiday in England and Wales or the last Business Day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee and the price of units are calculated as at that time. Unit dealing is on a forward basis i.e. investors can buy and sell units at the next valuation point following receipt of the order.

Prices of units and the estimated yield of the Fund are published on the following website: www.trustnet.com or may be obtained by calling 0141 483 9701.

Benchmark

Consumer Price Index +3% is the target set for the Trust's performance to match or exceed over the course of an investment cycle (7 years).

The Manager has selected this target benchmark as the Trust believes it best reflects the objective to see absolute returns above inflation over a long term investment cycle after costs.

Appointments

Manager and Registered office

Tutman Fund Solutions Limited (previously Evelyn Partners Fund Solutions Limited)
Exchange Building
St John's Street
Chichester
West Sussex PO19 1UP
Authorised and regulated by the Financial Conduct Authority

Administrator and Registrar

Tutman Fund Solutions Limited (previously Evelyn Partners Fund Solutions Limited)
177 Bothwell Street
Glasgow G2 7ER
Telephone 0141 483 9700 (Registration)
0141 483 9701 (Dealing)
Authorised and regulated by the Financial Conduct Authority

Directors of the Manager

Andrew Baddeley - resigned 31 March 2025
Brian McLean - resigned 30 June 2025
Mayank Prakash - resigned 30 April 2025
Neil Coxhead
Stephen Mugford - appointed 1 July 2025
Nicola Palios - appointed 1 July 2025

Independent Non-Executive Directors of the Manager

Dean Buckley - resigned 30 June 2025
Linda Robinson
Victoria Muir - resigned 30 June 2025
Sally Macdonald
Carol Lawson - appointed 30 June 2025
Caroline Willson - appointed 30 June 2025

Non-Executive Directors of the Manager

Guy Swarbreck - resigned 31 March 2025

Investment Manager

Rothschild & Co Wealth Management UK Limited
New Court
St Swithin's Lane
London EC4N 8AL
Authorised and regulated by the Financial Conduct Authority

Trustee

NatWest Trustee and Depositary Services Limited
House A, Floor 0
Gogarburn
175 Glasgow Road
Edinburgh EH12 1HQ
Authorised and regulated by the Financial Conduct Authority

Auditor

Johnston Carmichael LLP
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL