

The Capital Balanced Fund

Annual Report

for the year ended 31 March 2025

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The Capital Balanced Fund

Report of the Manager

Evelyn Partners Fund Solutions Limited ('EPFL'), as Manager, presents herewith the Annual Report for The Capital Balanced Fund for the year ended 31 March 2025.

The Capital Balanced Fund ('the Trust' or 'the Fund') is an authorised unit trust scheme further to an authorisation order dated 16 September 1998 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. EPFL 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 EPFL 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.evelyn.com/services/fund-solutions/tcf-reporting/>.

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 to 28 June 2024

The objective of the Trust is for long term growth.

The Investment Manager's policy is to achieve this objective through a portfolio of UK and international equities, bonds, cash, collective investment schemes (which may be regulated or unregulated), money market instruments and deposits as appropriate.

The Investment Manager may enter into derivative transactions but only for the purposes of hedging and the use of derivatives will not affect the risk profile of the Trust. The Investment Manager does not envisage entering into hedging transactions to a major extent. The investments will be in companies that are well managed and which themselves have good long term growth prospects. The asset allocation will be principally based in UK and European investments.

Investment objective and policy from 29 June 2024

The objective of the Trust is to achieve capital growth over the long term (a period of at least 7 years).

The Trust is actively managed and, in order to achieve the investment objective, the Investment Manager will invest directly and/or indirectly, worldwide (including emerging markets) in the following assets: shares, investment grade bonds, (such as corporate bonds, government and public securities), alternative investments (such as commodities, hedge fund strategies and real estate), money market instruments, deposits and cash.

The Trust invests flexibly across the different asset classes and may not have exposure to all asset classes at all times.

The Trust may gain exposure to these asset classes directly by investing in securities issued by companies and governments, and indirectly by investing in other transferable securities and collective investment schemes (open and closed ended). Indirect investments may include instruments managed or advised by the Manager or the Investment Manager or their associates. Exposure to alternative investments will be through indirect investments only.

The Trust can invest across different geographic regions, industry sectors and market capitalisations without limitation.

Derivatives may be used for Efficient Portfolio Management.

Report of the Manager (continued)

Changes affecting the Fund in the year

As at 1 October 2024 the set up of the fund changed from annual management charge to ACD and Investment Management fee. As a result of this there is no longer a rebate due back to the Fund.

On 29 June 2024, the investment objective and policy of the Fund changed.

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, Evelyn Partners Fund Solutions Limited.

Neil Coxhead
Directors
Evelyn Partners Fund Solutions Limited
27 June 2025

Brian McLean

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.evelyn.com/services/fund-solutions/other-funds-administered-by-evelyn-partners-fund-solutions-limited/evelyn-partners-funds-a-e/>

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 Capital Balanced Fund

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
27 June 2025

Independent Auditor's report to the unitholders of The Capital Balanced Fund

Opinion

We have audited the financial statements of The Capital Balanced Fund (the 'Trust') for the year ended 31 March 2025, which comprise the Statement of total return, Statement of change in unitholder's funds, 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 March 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 Capital Balanced Fund (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 Capital Balanced Fund (continued)

Auditor 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
27 June 2025

Accounting policies of The Capital Balanced Fund

for the year ended 31 March 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 March 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 ACD 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.

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.

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.

Accounting policies of The Capital Balanced Fund (continued)

for the year ended 31 March 2025

d Revenue (continued)

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 at each month end.

Ordinary scrip 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 March 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.

When a disposal of a holding in a non-reporting offshore fund is made, any gain is an offshore income gain and tax will be charged to capital. There may be instances where tax relief is due to revenue for the utilisation of excess management expenses.

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 Capital Balanced Fund (continued)

for the year ended 31 March 2025

h Dilution levy

The need to charge a dilution levy will depend on the volume of sales or redemptions. The Manager may charge a discretionary dilution levy on the sale and redemption of units if, in its opinion, the existing unitholders (for sales) or remaining unitholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all unitholders and potential unitholders. Please refer to the Prospectus for further information.

i 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 accumulation units are re-invested in the Fund/relevant class on behalf of the unitholders.

ii Unclaimed distributions

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

ii Revenue

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

iii 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.

iv 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.

Investment Manager's report

Investment performance*

Over the reporting period 1 April 2024 to 31 March 2025, the Fund has produced a total return of 1.98% compared to the IA Flexible Investment sector which returned 2.92%.

Investment activities**

April 2024

Global equities declined by 3.3% over the month with stock markets' longest winning streak since 2021 coming to an end. After five consecutive positive months, sentiment reversed in April with broad-based weakness across most regions and sectors. Geopolitical threats, with the escalation of tensions between Iran and Israel – may have contributed to fragile sentiment, the revival in volatility suggests this was not a conventional 'risk off' move. The reappraisal of looming interest rate cuts was likely the biggest factor. Industrial metals had a strong month, surging by 13%.

Property market woes prevailed in China, though authorities reaffirmed support to tackle the crisis at the Politburo meeting. Whilst there was no US Federal Reserve ('Fed') meeting in April, Powell and other Federal Open Market Committee members generally struck a more hawkish tone. The Fed chair suggested the resilient robust growth and stickier inflation data could delay the start of the easing cycle. Conversely, the European Central Bank ('ECB') signalled that the first cut could occur in June, after leaving its main interest rates unchanged at the April meeting. The Bank of Japan ('BoJ') kept its policy rate unaltered, following the prior month's hike, though the Japanese yen subsequently weakened to its lowest level against the US dollar since 1990.

In April, we initiated a new position in the portfolio, MTU Aero Engines - a company which designs and manufactures key components for aircraft engines. We have been monitoring the sector for years, having previously held Airbus and Precision Castparts, a company which was later bought by Berkshire Hathaway. The industry provides long-term structural growth, with air travel doubling every 15 years for the last century which we expect to continue. The sector has extremely high barriers to entry given its complexity and as very few companies in the world are capable of their complete design and manufacture. The industry is both highly regulated and heavily protected by patents, meaning it is incredibly difficult for potential competitors to enter the market. MTU Aero Engines also enjoys pricing power in raising prices ahead of inflation.

To fund the purchase, we trimmed our positions in the rating agencies, Linde USD and Constellation Software. There is no change to our view on any of these positions, we simply resized in the context of the portfolio.

May 2024

Stock markets rebounded strongly in May (+4.1%), retracing the prior month's losses and briefly rising to all-time highs. Stock market participation broadened slightly, though the US mega-cap names continued to lead the market higher. Government bonds initially rallied during the first half of May, though reversed some of those gains later in the month. Commodities moved higher, with the notable exception of Brent crude oil which fell by 7%.

Encouragingly, US inflation met (rather than exceeded) expectations for the first time this year. The UK Gross Domestic Product ('GDP') data confirmed it exited its brief technical recession at the turn of the year. Headline inflation fell sharply to 2.3% following another drop in the Ofgem energy price cap, but services inflation and wage growth remained stubbornly high. In China, economic data were robust but property sector issues remained unresolved, despite further government support measures. The Fed left interest rates unaltered in May, with Powell signalling that easing was postponed but not cancelled. The BoE struck a more balanced, albeit divided tone with money markets anchoring towards an autumn cut.

Meanwhile, the geopolitical landscape remained tense. Conflict in the Middle East showed few signs of resolve, Putin warned North Atlantic Treaty Organisation on the use of their weapons provided to Ukraine, and China held military drills around Taiwan. Biden also announced further tariffs on China in critical areas, including semiconductors and electric vehicles. In the political sphere, Trump was found guilty on all counts in his 'hush money' trial, making him the first former president to be convicted. In the UK, Sunak unexpectedly announced a general election for July, despite the Conservative's weak local election results.

Over the month, we added to our position in Pinnacle ICAV - Aikya Global Emerging Markets Fund to continue to broaden our exposure to Asia and Emerging Markets based on the attractive opportunity set. Finally, we purchased a new resettable S&P 500 Index put warrant (J.P. Morgan S&P 500 Index 4500 07/07/2025) across our discretionary portfolios to increase portfolio protection in the event of an equity market drawdown. This has an exercise price (strike) of 4,500 points.

*Source: Morningstar Direct 2024, based on 12pm mid-prices, on a total return basis.

**Source: Bloomberg.

Investment Manager's report (continued)

Investment activities* (continued)

June 2024

Global equities rose by 2.2% (USD) 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 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 ECB cut its deposit rate by 0.25% to 3.75% as the Fed and 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 European Union ('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 Scientific in June. Following discussion with the Chief Executive Officer ('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 (Citygroup S&P 500 Index 4800 19/12/2025).

July 2024

Modest stock market returns disguised sharp mid-month rotations over the month as global equities ended the month higher by 1.6% (USD). 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 BoJ 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.

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

August 2024

Global equities moved higher in August by 2.5% (USD). 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 Volatility index, a measure of S&P 500 Index implied volatility – almost tripled intraday before swiftly returning to more 'normal' levels. Most damage was evident in Japan, where a big surge in the yen prompted a 12% daily decline. However, 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 Group of Seven economy in the first half of the year with activity also looking healthy at the start of the third quarter.

*Source: Bloomberg.

Investment Manager's report (continued)

Investment activities* (continued)

August 2024 (continued)

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 BoJ.

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

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 Prime Minister, 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 trimmed our positions in American Express and Berkshire Hathaway as these 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% (USD) 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 treasury 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.

US quarter 3 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. The eurozone inflation data was 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.

*Source: Bloomberg.

Investment Manager's report (continued)

Investment activities* (continued)

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 20 January, Donald Trump will return 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. The President-elect 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 re-emerged, but a temporary ceasefire was agreed between Israel and Hezbollah. Biden and Xi held a meeting ahead of the Group of Twenty summit, while the outcome of United Nations Climate Change Conference of the Parties (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 fallout 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% (USD) 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.

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 Prime Minister, 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 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 5,300 points (Citygroup S&P 500 5300 20/03/2026).

*Source: Bloomberg.

Investment Manager's report (continued)

Investment activities* (continued)

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 20 January, 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 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 Prime Minister 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 the Amundi US Tech 100 Equal Weight UCITS ETF in full. The current valuation is 32 times and was closer to 27-28 times when we first purchased it in February 2022, meaning the forward return is now less attractive.

We reinvested a portion of these proceeds to initiate a new position in Texas Instruments, the largest analogue semiconductor firm globally. Analogue semiconductors are the crucial link between the real world and the digital; essential to the digital revolution. While the market views analogue chips as perhaps more boring than their digital counterparts, the latter has been driven by optimism around AI, we think they are far more interesting investment candidates: they grow faster, have stickier customers and generate better cash on cash returns. Due to its scale, Texas Instruments is the only vertically integrated analogue semiconductor firm: it designs, manufactures, and distributes its own products (most firms focus on only one of these). This not only drives a cost advantage versus peers but appeals to the customer for supply chain security reasons. We view management and the culture as fairly unique and have rarely come across a firm that "talks our language" to a greater extent, their relentless focus on the long term, driving their competitive advantages and ultimately cash generation. Through our work we found a remarkably consistent messaging and evidence that this is not just lip service. Forward returns are low double digits. While near-term valuation appears expensive, this is due to depressed earnings from 1) cyclically depressed end markets and 2) Texas Instruments spending heavily on building an unparalleled global manufacturing footprint.

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. 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.

*Source: Bloomberg.

Investment Manager's report (continued)

Investment activities* (continued)

February 2025 (continued)

At his bi-annual testimony to Congress, Federal Reserve 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/Christian Social 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 4 March. An additional 10% tariff on China and other non-tariff measures, was also announced, despite the President Of The United States 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 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 central banks' 2% targets.

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 increased our position in Ashtead Group following recent share price weakness which was funded from cash. We also 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.

*Source: Bloomberg.

Investment Manager's report (continued)

Investment strategy and 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
22 May 2025

Summary of portfolio changes

for the year ended 31 March 2025

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

	Cost
	£
Purchases:	
BlackRock ICS Sterling Government Liquidity Fund	2,490,828
36 South Pentaveli	760,000
US Treasury Inflation Indexed Bonds 0.75% 15/02/2042	681,244
PCP Selection Ucits - TULIP Trend Fund UCITS	623,000
iShares Core MSCI EM IMI UCITS ETF	600,878
ACL Alternative Fund SAC	569,076
UK Treasury Gilt 0.625% 31/07/2035	485,951
Texas Instruments	311,460
MTU Aero Engines	297,021
UK Treasury Gilt 0.125% 31/01/2028	244,531
UK Treasury Gilt 1.5% 31/07/2053	240,623
CFM IS Trends Equity Capped Fund	211,399
US Treasury Inflation Indexed Bonds 2.125% 15/04/2029	204,447
UK Treasury Bill 0% 15/07/2024	199,201
UK Treasury Bill 0% 16/09/2024	197,423
UK Treasury Bill 0% 10/03/2025	195,626
UK Treasury Bill 0% 16/06/2025	195,456
UK Treasury Bill 0% 16/12/2024	194,952
MontLake UCITS Platform ICAV - AlphaQuest UCITS Fund	192,276
Pinnacle ICAV - Aikya Global Emerging Markets Fund	161,295
	Proceeds
	£
Sales:	
BlackRock ICS Sterling Government Liquidity Fund	1,822,589
Amundi US Tech 100 Equal Weight UCITS ETF	795,666
PCP Selection UCITS - TULIP Trend Fund UCITS	640,404
UK Treasury Bill 0% 17/06/2024	500,000
UK Treasury Bill 0% 05/08/2024	499,717
CG Portfolio Fund - Real Return Fund	411,340
Berkshire Hathaway	355,847
Moody's	331,385
PCP Selection Ucits - TULIP Trend Fund UCITS	319,135
InRIS QIAIF - Vanda Fund	300,751
American Express	297,895
Lansdowne ICAV - Lansdowne Developed Markets Long Only Fund	295,004
US Treasury Inflation Indexed Bonds 0.125% 15/02/2052	286,834
Linde USD	227,851
US Treasury Inflation Indexed Bonds 1.25% 15/04/2028	203,955
S&P Global	203,710
UK Treasury Bill 0% 15/07/2024	200,000
UK Treasury Bill 0% 16/09/2024	200,000
UK Treasury Bill 0% 16/12/2024	200,000
UK Treasury Bill 0% 10/03/2025	200,000

Portfolio statement

as at 31 March 2025

	Nominal value or holding	Market value £	% of total net assets
Investment			
Debt Securities* 8.83% (6.41%)			
Aaa to Aa2 3.86% (2.14%)			
US Treasury Inflation Indexed Bonds 2.125% 15/04/2029**	\$259,000	212,125	0.91
US Treasury Inflation Indexed Bonds 0.75% 15/02/2042**	\$790,300	690,364	2.95
		<u>902,489</u>	<u>3.86</u>
Aa3 to A1 4.97% (4.27%)			
UK Treasury Gilt 0.125% 31/01/2028	£273,000	245,539	1.05
UK Treasury Gilt 0.625% 31/07/2035	£720,450	483,681	2.07
UK Treasury Gilt 1.5% 31/07/2053	£517,079	234,588	1.00
UK Treasury Bill 0% 16/06/2025	£200,000	198,106	0.85
		<u>1,161,914</u>	<u>4.97</u>
Total debt securities		<u>2,064,403</u>	<u>8.83</u>
Equities 51.42% (55.59%)			
Equities - United Kingdom 6.55% (7.13%)			
Industrials 2.97% (3.87%)			
Ashtead Group	16,756	694,536	2.97
Consumer Discretionary 0.35% (0.00%)			
Next	744	82,435	0.35
Financials 3.23% (3.26%)			
Admiral Group	26,466	753,752	3.23
Total equities - United Kingdom		<u>1,530,723</u>	<u>6.55</u>
Equities - Europe 11.08% (12.21%)			
Equities - Germany 1.78% (0.00%)			
MTU Aero Engines	1,554	416,281	1.78
Equities - Ireland 6.73% (9.43%)			
Linde USD	1,562	563,446	2.41
Linde EUR	392	141,192	0.60
Ryanair Holdings EUR	412	6,422	0.03
Ryanair Holdings USD	26,303	863,011	3.69
Total equities - Ireland		<u>1,574,071</u>	<u>6.73</u>
Equities - Luxembourg 2.57% (2.78%)			
Eurofins Scientific	14,603	601,376	2.57
Total equities - Europe		<u>2,591,728</u>	<u>11.08</u>

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

** Variable interest security.

Portfolio statement (continued)

as at 31 March 2025

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities (continued)			
Equities - North America 33.79% (36.25%)			
Equities - Canada 4.29% (5.78%)			
Canadian Pacific Kansas City	8,018	436,323	1.87
Constellation Software	232	566,210	2.42
Total equities - Canada		<u>1,002,533</u>	<u>4.29</u>
Equities - United States 29.50% (30.47%)			
American Express	4,486	935,291	4.00
Berkshire Hathaway	2,519	1,040,718	4.45
Booking Holdings	226	805,516	3.44
Cable One	439	90,392	0.39
Charter Communications	798	227,755	0.97
Comcast	18,219	520,563	2.23
Deere	1,819	661,844	2.83
Liberty Broadband	1,291	84,987	0.36
Mastercard	2,203	935,065	4.00
Moody's	1,788	645,301	2.76
S&P Global	1,675	659,567	2.82
Texas Instruments	2,097	292,093	1.25
Total equities - United States		<u>6,899,092</u>	<u>29.50</u>
Total equities - North America		<u>7,901,625</u>	<u>33.79</u>
Total equities		<u>12,024,076</u>	<u>51.42</u>
Collective Investment Schemes 37.77% (34.57%)			
36 South Pentaveli	760	746,236	3.19
ACL Alternative Fund SAC	4,164	490,310	2.12
BlackRock ICS Sterling Government Liquidity Fund	6,039	679,740	2.91
CFM IS Trends Equity Capped Fund	638	893,648	3.82
CFM UCITS ICAV - CFM IS Trends Fund	3,811	647,254	2.77
iShares Core MSCI EM IMI UCITS ETF	158,679	587,192	2.51
Lansdowne Icav-Lansdowne Developed Markets Long Only Fund	9,409	1,193,236	5.10
Lansdowne Lux Developed Markets Fund	8	927	0.00
MontLake UCITS Platform ICAV - AlphaQuest UCITS Fund	685	61,527	0.26
Multirange SICAV - One River Dynamic Convexity	5,063	312,712	1.34
PCP Selection Ucits - TULIP Trend Fund UCITS	207	265,853	1.13
Pentaris Global Long Term Equity Fund	1,277	115,676	0.49
Pentaris QIAIF - Bares US Equity Fund	7,520	697,898	2.98
Pentaris QIAIF - Phoenix Equity Fund S	1,970	288,355	1.23
Pentaris QIAIF - Phoenix Equity Fund F	3,766	588,764	2.52
Pinnacle ICAV - Aikya Global Emerging Markets Fund	116,033	1,262,185	5.40
Total offshore collective investment schemes		<u>8,831,513</u>	<u>37.77</u>

Portfolio statement (continued)

as at 31 March 2025

	Nominal value or holding	Market value £	% of total net assets
Investment			
Structured Products 0.50% (0.11%)			
Citigroup S&P 500 Index 4800 19/12/2025	300	35,956	0.15
Citigroup S&P Index 5300 20/03/2026	317	56,818	0.24
J.P. Morgan S&P 500 Index 4500 07/07/2025	987	24,715	0.11
Total structured products		<u>117,489</u>	<u>0.50</u>
Warrants 0.00% (0.00%)			
Constellation Software Warrants 31/03/2040 [^]	294	-	-
Forward currency contracts 0.17% (0.98%)			
Sell euro	(€2,588,000)	(2,185,968)	
Buy UK sterling	£2,158,252	2,158,252	
5 September 2025		<u>(27,716)</u>	<u>(0.12)</u>
Sell US dollar	(\$5,641,000)	(4,371,836)	
Buy UK sterling	£4,439,495	4,439,495	
5 September 2025		<u>67,659</u>	<u>0.29</u>
Forward currency contracts assets		<u>67,659</u>	<u>0.29</u>
Forward currency contracts liabilities		<u>(27,716)</u>	<u>(0.12)</u>
Total forward currency contracts		<u>39,943</u>	<u>0.17</u>
Investment assets		23,105,140	98.81
Investment liabilities		(27,716)	(0.12)
Portfolio of investments		<u>23,077,424</u>	<u>98.69</u>
Other net assets		305,770	1.31
Total net assets		<u>23,383,194</u>	<u>100.00</u>

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 March 2024.

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

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[^] Constellation Software Warrants 31/03/2040 is included in the portfolio of investments with no value as the fair market value is priced at \$0.00 per share.

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.

← Typically lower rewards, lower risk			Typically higher rewards, higher risk →			
1	2	3	4	5	6	7

The Fund is in a higher category because the price of its investments have risen or fallen frequently and more dramatically than some other types of investment. 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 12 February 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
Accumulation			
Change in net assets per unit			
Opening net asset value per unit	425.66	369.33	400.80
Return before operating charges	11.33	61.07	(25.18)
Operating charges	(5.44)	(4.74)	(6.29)
Return after operating charges *	5.89	56.33	(31.47)
Distributions [^]	(2.09)	(1.23)	(0.42)
Retained distributions on accumulation units [^]	2.09	1.23	0.42
Closing net asset value per unit	431.55	425.66	369.33
* after direct transaction costs of:	0.46	0.37	0.20
Performance			
Return after charges	1.38%	15.25%	(7.85%)
Other information			
Closing net asset value (£)	23,383,194	23,064,072	20,011,771
Closing number of units	5,418,448	5,418,448	5,418,422
Operating charges ^{^^}	1.27%	1.23%	1.70%
Direct transaction costs	0.11%	0.09%	0.05%
Published prices			
Highest offer unit price	453.8	424.7	393.2
Lowest bid unit price	408.5	360.4	347.5

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.

* On 29 June 2024, there was a change to the investment objective and policy.

Financial statements - The Capital Balanced Fund

Statement of total return for the year ended 31 March 2025

	Notes	2025		2024	
		£	£	£	£
Income:					
Net capital gains	2		205,751		2,985,472
Revenue	3	347,985		289,206	
Expenses	4	<u>(224,255)</u>		<u>(211,157)</u>	
Net revenue before taxation		123,730		78,049	
Taxation	5	<u>(10,359)</u>		<u>(11,324)</u>	
Net revenue after taxation			<u>113,371</u>		<u>66,725</u>
Total return before distributions			319,122		3,052,197
Distributions	6		(113,354)		(66,755)
Change in unitholders' funds from investment activities			<u>205,768</u>		<u>2,985,442</u>

Statement of change in unitholders' funds for the year ended 31 March 2025

	2025	2024
	£	£
Opening net assets	23,064,072	20,011,771
Amounts receivable on issue of units	-	104
Change in unitholders' funds from investment activities	205,768	2,985,442
Retained distributions on accumulation units	113,354	66,755
Closing net assets	<u>23,383,194</u>	<u>23,064,072</u>

Balance sheet
as at 31 March 2025

	Notes	2025 £	2024 £
Assets:			
Fixed assets:			
Investments		23,105,140	22,525,162
Current assets:			
Debtors	7	17,840	8,485
Cash and cash equivalents	8	348,534	558,946
Total assets		<u>23,471,514</u>	<u>23,092,593</u>
Liabilities:			
Investment liabilities		(27,716)	-
Creditors:			
Other creditors	9	(60,604)	(28,521)
Total liabilities		<u>(88,320)</u>	<u>(28,521)</u>
Net assets		<u>23,383,194</u>	<u>23,064,072</u>
Unitholders' funds		<u>23,383,194</u>	<u>23,064,072</u>

Notes to the financial statements

for the year ended 31 March 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	526,207	2,475,635
Non-derivative securities - movement in unrealised (losses) / gains	(525,865)	599,322
Derivative contracts - movement in unrealised gains / (losses)	67,410	(125,655)
Currency (losses) / gains	(2,128)	47,965
Forward currency contracts gains / (losses)	141,231	(10,601)
Compensation	34	76
Transaction charges	(1,138)	(1,270)
Total net capital gains	<u>205,751</u>	<u>2,985,472</u>

3. Revenue

	2025	2024
	£	£
UK revenue	47,239	89,432
Unfranked revenue	-	583
Overseas revenue	193,678	127,604
Interest on debt securities	69,688	36,819
Bank and deposit interest	37,380	34,732
Stock dividends	-	36
Total revenue	<u>347,985</u>	<u>289,206</u>

4. Expenses

	2025	2024
	£	£
Payable to the Manager and associates		
Annual management charge*	134,518	209,063
Annual management charge rebate*	(9,617)	(11,219)
Investment Manager's fee*	83,349	-
	<u>208,250</u>	<u>197,844</u>
Payable to the Trustee		
Trustee fees	4,482	-
Other expenses:		
Audit fee	9,136	8,700
Non-executive directors' fees	1,386	1,758
Safe custody fees	426	443
Bank interest	320	2,275
FCA fee	255	137
	<u>11,523</u>	<u>13,313</u>
Total expenses	<u>224,255</u>	<u>211,157</u>

* The annual management charge is 0.94% 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 March 2025, the annual management charge after rebates is 0.90%. As at 1 October 2024 the set up of the fund changed from annual management charge to ACD and Investment Management fee. As a result of this there is no longer a rebate due back to the Fund.

Notes to the financial statements (continued)

for the year ended 31 March 2025

5. Taxation	2025	2024
	£	£
<i>a. Analysis of the tax charge for the year</i>		
Overseas tax withheld	10,359	11,324
Total taxation (note 5b)	<u>10,359</u>	<u>11,324</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>123,730</u>	<u>78,049</u>
Corporation tax @ 20%	24,746	15,610
Effects of:		
UK revenue	(9,448)	(17,894)
Overseas revenue	(36,402)	(23,673)
Overseas tax withheld	10,359	11,324
Excess management expenses	21,104	25,957
Total taxation (note 5a)	<u>10,359</u>	<u>11,324</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 £471,449. (2024: £450,345).

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
	£	£
Interim accumulation distribution	84,690	58,248
Final accumulation distribution	<u>28,664</u>	<u>8,507</u>
	113,354	66,755
Reconciliation between net revenue and distributions:		
Net revenue after taxation per Statement of total return	113,371	66,725
Undistributed revenue brought forward	5	35
Undistributed revenue carried forward	(22)	(5)
Distributions	<u>113,354</u>	<u>66,755</u>

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

7. Debtors	2025	2024
	£	£
Accrued revenue	11,237	4,346
Recoverable overseas withholding tax	<u>6,603</u>	<u>973</u>
	17,840	5,319
Payable from the Manager and associates		
Annual management charge rebate	-	3,166
Total debtors	<u>17,840</u>	<u>8,485</u>

Notes to the financial statements (continued)

for the year ended 31 March 2025

8. Cash and cash equivalents	2025	2024
	£	£
Total cash and cash equivalents	<u>348,534</u>	<u>558,946</u>
9. Other creditors	2025	2024
	£	£
Purchases awaiting settlement	48,481	-
Accrued expenses:		
Annual management charge	<u>-</u>	<u>19,053</u>
Other expenses:		
Safe custody fees	305	118
Audit fee	9,136	8,700
Non-executive directors' fees	1,877	491
Transaction charges	<u>805</u>	<u>159</u>
	<u>12,123</u>	<u>9,468</u>
Total other creditors	<u>60,604</u>	<u>28,521</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:

	Accumulation
Opening units in issue	<u>5,418,448</u>
Closing units in issue	<u>5,418,448</u>

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

12. Related party transactions

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 unitholders' funds 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 accumulation unit has increased from 431.6p to 447.7p as at 24 June 2025. This movement takes into account routine transactions but also reflects the market movements of recent months.

Notes to the financial statements (continued)

for the year ended 31 March 2025

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		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£	
2025									
Equities	913,253	395	0.04%	1,197	0.13%	-	-	914,845	
Bonds*	2,839,454	-	-	-	-	-	-	2,839,454	
Collective Investment Schemes	5,647,794	21,959	0.39%	-	-	-	-	5,669,753	
Structured Products*	170,734	-	-	-	-	-	-	170,734	
Total	9,571,235	22,354	0.43%	1,197	0.13%	-	-	9,594,786	

	Purchases before transaction costs		Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£	
2024									
Equities	11,672,291	3,554	0.03%	8,057	0.07%	-	-	11,683,902	
Bonds*	2,859,265	-	-	-	-	-	-	2,859,265	
Collective Investment Schemes	23,346,840	2,442	0.01%	370	0.00%	-	-	23,349,652	
Structured Products*	170,313	-	-	-	-	-	-	170,313	
Total	38,048,709	5,996	0.04%	8,427	0.07%	-	-	38,063,132	

Capital events amount of £nil (2024: £35) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£	
2025									
Equities	1,971,032	(960)	0.05%	(43)	0.00%	-	-	1,970,029	
Bonds*	2,290,507	-	-	-	-	-	-	2,290,507	
Collective Investment Schemes	4,763,976	(291)	0.01%	-	-	-	-	4,763,685	
Total	9,025,515	(1,251)	0.05%	(43)	0.00%	-	-	9,024,221	

* No direct transaction costs were incurred in these transactions.

Notes to the financial statements (continued)

for the year ended 31 March 2025

14. Transaction costs (continued)

a Direct transaction costs (continued)

	Sales before transaction costs	Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£
2024								
Equities	5,844,824	(1,931)	0.03%	(1,249)	0.02%	-	-	5,841,644
Closed-Ended Funds	2,092,536	(342)	0.02%	-	-	-	-	2,092,194
Bonds*	1,399,888	-	-	-	-	-	-	1,399,888
Collective Investment Schemes	29,328,502	(1,817)	0.01%	(20)	0.00%	-	-	29,326,665
Total	38,665,750	(4,090)	0.06%	(1,269)	0.02%	-	-	38,660,391

Capital events amount of £nil (2024: £29,908) 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	23,605	0.10%
Taxes	1,240	0.01%
2024	£	% of average net asset value
Commission	10,086	0.05%
Taxes	9,696	0.04%

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 0.46% (2024: 0.21%).

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.

* No direct transaction costs were incurred in these transactions.

Notes to the financial statements (continued)

for the year ended 31 March 2025

15. Risk management policies (continued)

a Market risk (continued)

(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 and collective investment schemes.

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 March 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 £1,042,779 (2024: £1,039,667).

(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	566,210	900	567,110
Euro	1,137,555	-	1,137,555
US dollar	11,085,787	14,886	11,100,673
Total foreign currency exposure	<u>12,789,552</u>	<u>15,786</u>	<u>12,805,338</u>

Notes to the financial statements (continued)

for the year ended 31 March 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	772,201	667	772,868
Danish krone	14	-	14
Euro	784,879	973	785,852
US dollar	12,118,543	3,679	12,122,222
Total foreign currency exposure	13,675,637	5,319	13,680,956

At 31 March 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 £313,762 (2024: £342,849). 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. In the event of a change in interest rates, there would be no material impact upon the net assets of the Fund.

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

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

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2025	£	£	£	£	£	£
Canadian dollar	-	-	-	567,110	-	567,110
Euro	-	-	-	1,165,271	(27,716)	1,137,555
UK sterling	348,481	-	963,808	9,326,171	(60,604)	10,577,856
US dollar	902,542	-	-	10,198,131	-	11,100,673
	1,251,023	-	963,808	21,256,683	(88,320)	23,383,194

Notes to the financial statements (continued)

for the year ended 31 March 2025

15. Risk management policies (continued)

a Market risk (continued)

(iii) Interest rate risk (continued)

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£	£	£	£	£	£
Canadian dollar	-	-	-	772,868	-	772,868
Danish krone	14	-	-	-	-	14
Euro	-	-	-	785,852	-	785,852
UK sterling	558,932	-	985,025	7,867,680	(28,521)	9,383,116
US dollar	494,645	-	-	11,627,577	-	12,122,222
	<u>1,053,591</u>	<u>-</u>	<u>985,025</u>	<u>21,053,977</u>	<u>(28,521)</u>	<u>23,064,072</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.

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.

Notes to the financial statements (continued)

for the year ended 31 March 2025

15. Risk management policies (continued)

c Liquidity risk (continued)

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.

Basis of valuation	Investment assets	Investment liabilities
	2025	2025
	£	£
Quoted prices	15,165,981	-
Observable market data	7,821,670	(27,716)
Unobservable data*	117,489	-
	<u>23,105,140</u>	<u>(27,716)</u>
Basis of valuation	Investment assets	Investment liabilities
	2024	2024
	£	£
Quoted prices	15,036,369	-
Observable market data	7,462,926	-
Unobservable data*	25,867	-
	<u>22,525,162</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 additional securities are valued in the portfolio of investments using valuation techniques:

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

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 ACD 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 ACD 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 ACD with particular attention paid to the carrying value of the investments.

Notes to the financial statements (continued)

for the year ended 31 March 2025

15. Risk management policies (continued)

e Assets subject to special arrangements arising from their illiquid nature

The following assets 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	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 and derivatives embedded in structured products. 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 0.78%.

Notes to the financial statements (continued)

for the year ended 31 March 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 4800 19/12/2025	40,011	0.17%
Citigroup S&P 500 Index 5300 20/03/2026	56,818	0.24%
J.P. Morgan S&P 500 Index 4500 07/07/2025	87,141	0.37%
Forward Currency Contracts		
Value of short position - euro	2,185,968	9.35%
Value of short position - US dollar	4,371,836	18.70%

There have been no collateral arrangements in the year.

Distribution table

for the year ended 31 March 2025

Interim distributions in pence per unit

Group 1 - Units purchased before 1 April 2024

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

	Net revenue	Equalisation	Total distribution 30 November 2024	Total distribution 30 November 2023
Accumulation				
Group 1	1.563	-	1.563	1.075
Group 2	1.563	-	1.563	1.075

Final distributions in pence per unit

Group 1 - Units purchased before 1 October 2024

Group 2 - Units purchased 1 October 2024 to 31 March 2025

	Net revenue	Equalisation	Total distribution 31 May 2025	Total distribution 31 May 2024
Accumulation				
Group 1	0.529	-	0.529	0.157
Group 2	0.529	-	0.529	0.157

Accumulation distribution

Holders of accumulation units should add the distributions received thereon to the cost of the 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 ended 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	Variable	Variable	Total	No. MRTs
	£'000	Cash £'000	Equity £'000	£'000	
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 Company's portfolio of assets to Rothschild & Co Wealth Management UK Limited and pays to Rothschild & Co Wealth Management UK Limited, out of the annual management charge, a monthly fee calculated on the total value of the portfolio of investments at the month end. Rothschild & Co Wealth Management UK Limited are 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 allocated semi-annually on 31 May (final) and 30 November (interim). In the event of a distribution, unitholders will receive a tax voucher.

XD dates:	1 April	final
	1 October	interim
Reporting dates:	31 March	annual
	30 September	interim

Buying and selling units

The property of the Fund is valued at 12 noon on every business day, with the exception of the last business day prior to any bank holiday in England and Wales where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee. 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 222 1151.

Benchmark

Unitholders may compare the performance of the Fund against the IA Flexible Investment sector.

Comparison of the Fund's performance against this benchmark will give unitholders an indication of how the Fund is performing against other similar funds in this peer group sector. The Manager has selected this comparator benchmark as the Manager believes it best reflects the asset allocation of the Fund.

The benchmark is not a target for the Fund, nor is the Fund constrained by the benchmark.

Appointments

Manager and Registered office

Evelyn Partners Fund Solutions Limited

45 Gresham Street

London EC2V 7BG

Telephone 0207 131 4000

Authorised and regulated by the Financial Conduct Authority

Administrator and Registrar

Evelyn Partners Fund Solutions Limited

177 Bothwell Street

Glasgow G2 7ER

Telephone 0141 222 1151 (Registration)

0141 222 1150 (Dealing)

Authorised and regulated by the Financial Conduct Authority

Directors of the Manager

Andrew Baddeley - resigned 31 March 2025

Brian McLean

Mayank Prakash - resigned 30 April 2025

Neil Coxhead

Independent Non-Executive Directors of the Manager

Dean Buckley

Linda Robinson

Victoria Muir

Sally Macdonald

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