

The Galacum Fund

Annual Report

for the year ended 31 October 2024

## Contents

Page

Report of the Authorised Corporate Director	2
Statement of the Authorised Corporate Director's responsibilities	4
Assessment of Value - The Galacum Fund	5
Report of the Depository to the shareholders of The Galacum Fund	9
Independent Auditor's report to the shareholders of The Galacum Fund	10
Accounting policies of The Galacum Fund	13
Investment Manager's report - Evelyn Partners Investment Management LLP	16
Investment Manager's report - Cerno Capital Partners LLP	18
Summary of portfolio changes	20
Portfolio statement	21
Risk and reward profile	25
Comparative table	26
Financial statements:	
Statement of total return	28
Statement of change in net assets attributable to shareholders	28
Balance sheet	29
Notes to the financial statements	30
Distribution table	40
Remuneration	41
Further information	43
Appointments	44

## The Galacum Fund

### Report of the Authorised Corporate Director ('ACD')

Evelyn Partners Fund Solutions Limited ('EPFL'), as ACD, presents herewith the Annual Report for The Galacum Fund for the year ended 31 October 2024.

The Galacum Fund ('the Company' or 'the Fund') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 11 May 2017. The Company is incorporated under registration number IC001088. It 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 Company is a NURS, the ACD also acts as Alternative Investment Fund Manager ('AIFM') in order to comply with the Alternative Investment Fund Manager's Directive ('AIFMD').

The ACD 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 Company consist predominantly of securities which are readily realisable and, accordingly, the Company 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 Company has on the climate and equally how climate change could influence the performance of the Company. 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 shareholders are not liable for the debts of the Company.

The Company has no Directors other than the ACD.

The Instrument of Incorporation can be inspected at the offices of the ACD.

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

#### Investment objective and policy

The investment objective of the Company is to achieve capital returns with some consideration given to income dependent on market conditions.

To achieve this, the Company may invest in any country and in any economic sector of the world and may invest directly or indirectly in a range of asset classes, geographical and economic sectors without limitation. Typically, the Company will invest mainly in both regulated and unregulated collective investment schemes mainly to gain exposure to fixed interest securities and UK and international equities. The Company may also utilise transferable securities, approved money market instruments, deposits and cash or near cash investments, warrants and gold. The Company may also use derivatives for the purpose of Efficient Portfolio Management only. The proportion of the property of the Company which may be held in the different permitted asset classes, including cash and near cash, may vary from time to time at the Investment Managers' discretion subject to the limitations on investment set out in the FCA Regulations. There may be circumstances when due to market conditions the property of the Company may be invested primarily or solely in one asset type or solely in cash.

There is no guarantee that capital will be preserved.

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

The Company will not maintain an interest in immovable property or tangible movable property.

## Report of the Authorised Corporate Director (continued)

### Changes affecting the Company in the year

There were no fundamental or significant changes to the Company in the year.

Further information in relation to the Company is illustrated on page 43.

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 ACD, Evelyn Partners Fund Solutions Limited.

Brian McLean

Director

Evelyn Partners Fund Solutions Limited

31 January 2025

## Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes sourcebook ('COLL') and the Investment Funds sourcebook ('FUND') published by the FCA, require the Authorised Corporate Director ('ACD') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net revenue and net capital gains on the scheme property of the Company for the year.

In preparing the financial statements the ACD 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 Company'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 Company 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 Company's information on the ACD'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 ACD to carry out an Assessment of Value on the Company and publish this assessment within the Annual Report.

The ACD is responsible for the management of the Company in accordance with the Instrument of Incorporation, the Prospectus, COLL and FUND.




## Assessment of Value - The Galacum Fund

In line with the provisions contained within COLL 6.6.20R, the Board of Evelyn Partners Fund Solutions Limited ('EPFL') as Authorised Corporate Director ('ACD'), has carried out an Assessment of Value for The Galacum Fund ('the Fund'). Furthermore, the rules require that EPFL publishes these assessments.

A high-level summary of the outcome of EPFL's rigorous review of the Fund for the year ended 31 October 2024 using the seven criteria set by the FCA is set out below:

1. Quality of Service	
2. Performance	
3. ACD Costs	
4. Economies of Scale	
5. Comparable Market Rates	
6. Comparable Services	
7. Classes of Shares	
Overall Rating	

EPFL has adopted a traffic light system to show how it rated the Fund:

-  On balance, the Board believes the Fund has delivered value to shareholders, with no material issues noted.
-  On balance, the Board believes the Fund has delivered value to shareholders, but may require some action.
-  On balance, the Board believes the Fund has not delivered value to shareholders and significant remedial action is now planned by the Board.

How EPFL assessed each of the seven criteria and the rating arrived at are discussed in greater detail on the following pages.

EPFL has created an Assessment of Value Committee ('AVC'), for the review, challenge and approval of all funds' Assessments of Value. Ultimately the assessments will be subject to scrutiny by the Board (which includes independent directors) to ensure the outcomes of the assessments are clear and fair, before final sign-off by the chair of the Board prior to communicating to investors if the Fund has delivered value, and if not, where improvements need to be made.

In carrying out the assessment, the EPFL AVC has separately considered, the following seven criteria stipulated by the FCA. The Committee may also have considered other issues where it was deemed appropriate.

EPFL believes the Assessment of Value can make it easier for investors to both evaluate whether the Fund is providing them with value for money and make more informed decisions when choosing investments.

The seven criteria are:

- (1) Quality of service – the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;
- (2) Performance – how the Fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;
- (3) ACD costs – the fairness and value of the Fund's costs, including entry and exit fees, early redemption fees, administration charges;
- (4) Economies of scale – how costs have been or can be reduced as a result of increased assets-under-management ('AUM'), and whether or not those savings have been passed on to investors;
- (5) Comparable market rates – how the costs of the Fund compare with others in the marketplace;
- (6) Comparable services – how the charges applied to the Fund compare with those of other funds administered by EPFL;
- (7) Classes of shares – the appropriateness of the classes of shares in the Fund for investors.

## Assessment of Value - The Galacum Fund (continued)

### 1. Quality of Service

What was assessed in this section?

#### Internal Factors

EPFL, as ACD, has overall responsibility for the Fund. The Board assessed, amongst other things: the day-to-day administration of the Fund; the maintenance of scheme documentation (such as prospectuses and key investor information documents ('KIIDs')); the pricing and valuation of shares; the calculation of income and distribution payments; the maintenance of accounting and other records; the preparation of annual audited and half-yearly Report & Accounts; the review of tax provisions and submission of tax computations to HMRC; the maintenance of the register of shareholders; the dealing and settlement arrangements and the quality of marketing material sent to shareholders. EPFL delegates the Investment Management of the Fund to two Investment Management firms.

The Board reviewed information provided by EPFL's control functions on the adequacy of its internal services, including governance, operations and monitoring. Elements important to the investor experience such as the timely payment of settlement and distribution monies were also reviewed. Over the past year, EPFL has been audited by internal and external auditors, the Fund's Depositary and various EPFL delegated Investment Managers.

#### External Factors

The Board assessed the delegates' skills, processes and experience. Also considered were any results from service review meetings as well as the annual due diligence performed by EPFL on the delegated Investment Managers, Evelyn Partners Investment Management LLP ('EPIM') and Cerno Capital Partners LLP, where consideration was given to, amongst other things, the delegates' controls around the Fund's liquidity management.

The Board also considered the nature, extent and quality of administrative and shareholder services performed under separate agreements covering depositary services, custodians, as well as services provided with regard to both audit and legal functions.

What was the outcome of the assessment?

#### Internal Factors

The Board recognised that all distribution and settlement monies were paid in a timely manner and that there were no significant findings as a result of the various audits performed on EPFL during the year. In addition, EPFL has performed its own independent analysis, using automated systems, of the Fund's liquidity. The Board concluded that EPFL had carried out its duties diligently.

#### External Factors

The Board concluded that the nature, extent and quality of the services provided by the external parties have benefitted and should continue to benefit the Fund and its investors.

Were there any follow up actions?

There were no follow-up actions required.

### 2. Performance

What was assessed in this section?

The Board reviewed the performance of the Fund, after the deduction of all payments out of the scheme property as set out in the Prospectus. Performance, against its benchmark, was considered over appropriate timescales having regard to the Fund's investment objective, policy and strategy. The Board also considered whether an appropriate level of market risk had been taken.

#### Investment Objective

The Fund seeks to achieve capital returns with some consideration given to income dependent on market conditions.

#### Benchmark

As ACD, EPFL is required to explain in a fund's scheme documentation why a benchmark is being used or alternatively explain how investors should assess performance of a fund in the absence of a benchmark.

## Assessment of Value - The Galacum Fund (continued)

### 2. Performance (continued)

#### Benchmark (continued)

The benchmark for the Fund is the ARC Sterling Steady Growth PCI, which is a comparator. A 'comparator' benchmark is an index or similar factor against which an investment manager invites investors to compare a fund's performance. Details of how the Fund has performed against its comparator benchmark over various timescales can be found below.

Cumulative Performance as at 30 September 2024 (%)

	Currency	1 year	3 year	5 year
ARC Sterling Steady Growth PCI TR	GBP	12.84	6.04	21.80
The Galacum Fund Class A Income	GBX	12.83	0.51	15.71

Data provided by FE fundinfo. Care has been taken to ensure that the information is correct but FE fundinfo neither warrants, represents nor guarantees the contents of the information, nor does it accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.

Performance is calculated net of fees. Past performance is not a guide to future performance.

#### What was the outcome of the assessment?

The Board assessed the performance of the Fund over its minimum recommended holding period of five years and observed that it has underperformed its comparator benchmark, the ARC Sterling Steady Growth PCI. As a result, an Amber rating has been given.

In line with the objective, there has been consistent income distributions over the recommended holding period.

EPFL assessed the investment risk within the Fund, focusing amongst other things on volatility and risk adjusted returns. The Board concluded that the level of investment risk is within parameters for an actively managed Fund of this type.

The Board found that the Fund is investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last 12 months.

#### Were there any follow up actions?

EPFL will continue to monitor performance through its normal oversight process, at least bi-annually.

### 3. ACD Costs

#### What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflected the services provided. This included the ACD's periodic charge, Investment Managers' fees, Depositary/Custodian fees and audit fee.

The charges should be transparent and understandable to the investor, with no hidden costs.

#### What was the outcome of the assessment?

The Board received and considered information about each of the Fund's costs, and concluded that they were fair, reasonable and were provided on a competitive basis.

#### Were there any follow up actions?

There were no follow-up actions required.

### 4. Economies of Scale

#### What was assessed in this section?

The Board reviewed each separate fee structure and the AUM of the Fund to examine the effect on the Fund to potential and existing investors should it increase or decrease in value.

#### What was the outcome of the assessment?

Both the Investment Managers' fees and the ACD's periodic charge are on a fixed percentage charge meaning there are no opportunities for savings going forward should the Fund grow in size.

The ancillary charges of the Fund represent 6 basis points<sup>1</sup>. Some of these costs are fixed and as the Fund grows in size, may result in a small reduction in the basis point cost of these services.

#### Were there any follow up actions?

There were no follow-up actions required.

<sup>1</sup> One basis point is equal to 1/100th of 1%, or 0.01%. Figure calculated at interim report, 30 April 2024.



## Assessment of Value - The Galacum Fund (continued)

### 5. Comparable Market Rates

What was assessed in this section?

The Board reviewed the ongoing charges figure ('OCF') of the Fund and how those charges affect its returns.

The OCF of the Fund was compared against the 'market rate' of similar external funds.

What was the outcome of the assessment?

The OCF of 1.10%<sup>1</sup> compared favourably with those of similar externally managed funds.

Note that EPFL has not charged an entry fee, exit fee or any other event-based fees on this Fund.

Were there any follow up actions?

There were no follow-up actions required.

### 6. Comparable Services

What was assessed in this section?

The Board compared the Investment Managers' fees with those of other funds administered by EPFL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

The Investment Managers' fees were more expensive than other EPFL administered funds displaying similar characteristics.

Were there any follow up actions?

There was no further action required as the Board were of the opinion that the Investment Managers' fees were reasonable for a mandate of this size.

### 7. Classes of Shares

What was assessed in this section?

The Board reviewed the Fund's set-up to ensure that where there are multiple share classes shareholders were in the correct share class given the size of their holding.

What was the outcome of the assessment?

There is only one share class in the Fund, therefore this part of the assessment does not apply.

Were there any follow up actions?

There were no follow-up actions required.

### Overall Assessment of Value

Notwithstanding the matters discussed in Sections 2 and 6, the Board were of the opinion that The Galacum Fund had delivered value to investors.

Dean Buckley

Chairman of the Board of Evelyn Partners Fund Solutions Limited

18 December 2024

#### Consumer Feedback

On reviewing this Assessment of Value report, we would welcome invaluable feedback from investors via our short questionnaire which can be found online:

<https://www.evelyn.com/services/fund-solutions/assessment-of-value/>

Investors' views are invaluable to the development and delivery of this report.

Should you be unable to access the questionnaire online please contact us directly on 0141 222 1151 and we will provide you with a paper copy of the questionnaire.

<sup>1</sup> Figure calculated at interim report, 30 April 2024.

## Report of the Depositary to the shareholders of The Galacum Fund

### Depositary's responsibilities

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Investment Funds sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company'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 Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

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

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

NatWest Trustee and Depositary Services Limited  
31 January 2025

## Independent Auditor's report to the shareholders of The Galacum Fund

### Opinion

We have audited the financial statements of The Galacum Fund (the 'Company') for the year ended 31 October 2024, which comprise the Statement of total return, Statement of change in net assets attributable to shareholders, 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 Company as at 31 October 2024 and of the net revenue and the net capital gains on the scheme property of the Company 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 Instrument of Incorporation.

### 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 Company 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 Authorised Corporate Director'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 Company'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 Authorised Corporate Director 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 Authorised Corporate Director 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 Company 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 Authorised Corporate Director for the year is consistent with the financial statements.

## Independent Auditor's report to the shareholders of The Galacum Fund (continued)

### Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of the Authorised Corporate Director's responsibilities set out on page 4, the Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director is responsible for assessing the Company'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 Authorised Corporate Director either intends to wind up the Company 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 Company 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 Company's Prospectus.

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

## Independent Auditor's report to the shareholders of The Galacum 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)*

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 Authorised Corporate Director was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Authorised Corporate Director 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.

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 Company'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 Authorised Corporate Director 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 Company'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 Company'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 Company's shareholders, as a body, in accordance with Rule 4.5.12 of the COLL Rules issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders 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 Company and the Company's members 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  
31 January 2025

## Accounting policies of The Galacum Fund

for the year ended 31 October 2024

### 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 ACD 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 ACD 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 October 2024.

### 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.

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

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

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

## Accounting policies of The Galacum Fund (continued)

for the year ended 31 October 2024

### d Revenue (continued)

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.

### 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 Allocation of revenue and expenses to multiple share types

All revenue and expenses which are directly attributable to a particular share type are allocated to that type. All revenue and expenses which are attributable to the Fund are allocated to the Fund and are normally allocated across the share types pro rata to the net asset value of each type on a daily basis.

### g 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 October 2024 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.

### h 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.

### i Dilution adjustment

A dilution adjustment is an adjustment to the share price which is determined by the ACD in accordance with the COLL Sourcebook. The ACD may make a dilution adjustment to the price of a share (which means that the price of a share is above or below that which would have resulted from mid-market valuation) for the purposes of reducing dilution in the Fund (or to recover an amount which it has already paid or is reasonably expected to pay in the future) in relation to the issue or cancellation of shares. Please refer to the Prospectus for further information.

## Accounting policies of The Galacum Fund (continued)

for the year ended 31 October 2024

### *j Distribution policies*

#### *i Basis of distribution*

The distribution policy is to distribute all available revenue after deduction of expenses payable from revenue. Distributions attributable to income shares are paid to shareholders. Distributions attributable to accumulation shares are re-invested in the Fund on behalf of the shareholders.

#### *ii Unclaimed distributions*

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

#### *iii Revenue*

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

#### *iv Expenses*

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

#### *v Equalisation*

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



## Investment Manager's report - Evelyn Partners Investment Management LLP

At the balance sheet date Evelyn Partners Investment Management LLP managed 93.9% of funds under management in accordance with the objective and policy of the Fund.

### Investment performance\*

For the year 1 November 2023 to 31 October 2024 the Evelyn Partners Investment Management LLP proportion of The Galacum Fund produced a total return of +14.9% against +15.1% from the ARC Sterling Steady Growth PCI comparative benchmark.

### Investment activities

The position in fixed interest was tilted towards longer duration UK Government bonds due to the attractive risk return characteristics, as central banks headed into rate cutting cycles. UK Treasury Gilt 0.25% 31/01/2025 was trimmed and BlackRock Corporate Bond Fund and GAM Star Credit Opportunities were sold with the proceeds added to UK Treasury Gilt 1% 31/01/2032 and UK Treasury Gilt 3.5% 22/10/2025. A position was also initiated in UK Treasury Gilt 0.625% 31/07/2035 earlier in the period, when the yield on offer was particularly attractive, and a position in Amundi US TIPS Government Inflation-Linked Bond UCITS ETF was reinstated, to provide inflation protection as break-even rates improved.

The holding of Federated Hermes Global Emerging Markets Equity Fund was sold, due to a lack of confidence in the management team, with the proceeds used to top up First Sentier Investors ICVC - Stewart Investors Asia Pacific Leaders Sustainability and to initiate a new position in Templeton Emerging Markets Investment Trust. A new holding of BlackRock ICS Sterling Liquidity Fund Acc was added following the sale of Dassault Systemes, to broaden the exposure to the European market. The residual holding of JPMorgan UK Small Cap Growth & Income was also sold, having received the maximum cash tender offer after the merger with JPMorgan Mid Cap Investment Trust, and a position in Artemis UK Smaller Companies Fund was initiated.

Within real assets, Pantheon Infrastructure and HICL Infrastructure were sold, consolidating the proceeds into 3i Infrastructure, which we regard as having exposure to higher quality underlying assets, and the position in Life Science REIT was closed. Profits were taken from some of the top performing equity names of 2023, including the large technology companies, and positions in McDonalds and PepsiCo closed, with the proceeds used to initiate holdings in Brown Advisory US Smaller Companies Fund, Xtrackers S&P 500 Equal Weight UCITS ETF and Edgewood L Select - US Select Growth, in order to capture the broadening out of the US stock market and increase exposure across the market capitalisation spectrum. Given growing geopolitical tensions, positions were increased in Shell, BP and BAE Systems. New positions were added in luxury goods retailer LVMH Moët Hennessy Louis Vuitton, electrical equipment company Schneider Electric and US animal pharmaceutical company Zoetis, following their respective periods of share price weakness. We believe that these companies have proven track records through the economic cycle.

It was also a busy period for corporate activity with National Grid taken up in full, at an attractive level; the capital raised should remove any lingering concerns about the balance sheet. Anglo American received a takeover approach from mining giant BHP, causing the shares to rally and providing an opportunity to take profits by halving the holding in July 2024. The remainder of the holding was sold in August 2024.

The top performer over the period was CRH which posted strong results ahead of analysts' estimates, particularly in the American materials sector, and upgraded guidance for next year. Gold continued to rally amid geopolitical uncertainty and NVIDIA share price climbed further as the company again surpassed analysts' expectations, reflecting ongoing demand for computer chips, a crucial part of the Artificial Intelligence value chain. The bottom performers included Diageo which, despite a confident tone from management over the summer of 2023, surprised investors when it announced a slowdown in its Latin American business, leading to a decline in group operating profit. Additionally, Croda International performed poorly as the company continued to experience weakness in its life sciences division, particularly in agricultural end markets where adverse weather has delayed/reduced consumption in Europe and North America.

One risk to the portfolio is an escalation of the conflicts in the Middle East and Ukraine which would cause a flight to safety of gold, oil, and dollar assets. However, the portfolio has material exposure to all three areas to mitigate this. There is also a risk that inflation begins to rise again, which could cause markets to become concerned about the timing and magnitude of further rate cuts. Exposure to defensive assets that should prove resilient with strong pricing power has been increased, as well as to sectors which should perform well regardless of the economic backdrop, such as healthcare, which has strong structural tailwinds.

\* Source: Evelyn Partners Investment Management LLP and ARC Private Client Indices.

## Investment Manager's report - Evelyn Partners Investment Management LLP (continued)

### Investment strategy and outlook\*

Broad market performance started improving in November 2023, when investors took the run of soft economic data as confirmation that the Federal Reserve's interest rate hiking cycle had reached its conclusion. US employment data showed fresh evidence that demand for workers was cooling and wage growth was moderating towards the inflation target. Meanwhile, November's US Consumer Price Index inflation decelerated at a faster rate than markets had been expecting and, as a result, money markets anticipated the first cut in interest rates as early as May 2024. Global equities then staged good returns during the first quarter of 2024, until April saw markets sell off, as the 'higher for longer' US interest rate outlook returned, alongside increasing geopolitical concerns in the Middle East. Markets recovered through the summer, until July saw a sell off in the US technology sector, which weighed on global equity benchmarks, although these losses were quickly recovered and markets subsequently moved higher in the run up to the US presidential election. Overall, the year from 1 November 2023 to 31 October 2024 saw global equities make progress, despite the volatility.

Crude oil has rallied over the period, with demand stronger than expected reflecting a resilient global growth outlook. Moreover, oil supply has been constrained as some members of The Organisation of the Petroleum Exporting Countries extended voluntary output cuts and geopolitical instability in the Middle East also exerted some upward pressure on oil prices.

As a result of easing inflation, and a softening economic environment, the US Federal Open Market Committee ('FOMC'), made their long-awaited first interest rate cut at their 18 September meeting. The committee voted to cut interest rates by 0.5%, more than the 0.25% first cuts from the Bank of England and European Central Bank. The FOMC also revised down their forward interest rate expectations, expecting to cut rates by a further 0.5% before the end of the year, bringing the total magnitude of rates cuts to 1% this year. However, Donald Trump's unexpectedly decisive victory in the US Presidential Election is a reminder of a political backdrop which has the potential to startle markets, even as monetary easing begins.

We have moved from a neutral stance in equities to a cautiously positive view, recognising the signs of continued resilience from the companies with superior pricing power and the improving economic backdrop. The risk that inflation begins to rise again, as a result of higher oil prices stemming from the conflict in the Middle East, could still lead to higher rates for longer than expected. We continue to advocate a balance across sectors and styles, with diversification the best defence against the numerous macro risks at play, and guide towards ensuring there are defensive qualities in the portfolio.

Evelyn Partners Investment Management LLP  
19 November 2024

\* Source: Refinitiv DataStream.

## Investment Manager's report - Cerno Capital Partners LLP

At the balance sheet date Cerno Capital Partners LLP managed 6.1% of funds under management in accordance with the objective and policy of the Fund.

### Investment performance\*

For the year 1 November 2023 to 31 October 2024, the Cerno Capital Partners LLP proportion of The Galacum Fund produced a total return of +4.2% against +15.1% from the ARC Sterling Steady Growth PCI comparative benchmark.

### Investment activities\*\*

Japanese equities introduced in late November 2023 (10.4% weight at the end of the period) contributed 1.0% to performance. The Japanese equity market is benefitting from a concerted push by the authorities there to promote corporate reform. This has entailed the shedding of excess cash on balance sheets, reduction in cross-shareholdings, more attention paid than previously was the case on shareholder returns and, within that, a promotion of Return on Equity/Return on Capital as measures of return. As these initiatives benefit laggard companies with relatively inefficient capital structures, we have chosen a broad tracker as the best way to access this trend in the form of iShares Core MSCI Japan IMI UCITS ETF.

TM Cerno Global Leaders Fund, which makes up 53% of the portfolio, increased from 19.7% at the beginning of the period. The allocation to TM Cerno Global Leaders Fund contributed +72 basis points<sup>1</sup> to performance based on +14.5% return on the underlying fund. This global equity strategy seeks to invest in no more than 30 leading global businesses, operating within sectors that have a high degree of utility to their customers and therefore possess significant economic moats. Within the period under review the best performing stocks in the TM Cerno Global Leaders Fund portfolio were, as follows: Taiwan Semiconductor Manufacturing, Techtronic, and Assa Abloy. On the other side of the spectrum, the worst performing names were: Aptiv, Samsung Electronics, and Nestlé.

Over the reporting period, the strategy has been rotating into businesses with deep and rich proprietary datasets and intellectual property, which are levered into the unfolding Artificial Intelligence ('AI') trend. This resulted in a higher-than-normal turnover in the TM Cerno Global Leaders Fund portfolio and Experian (consumer credit data) entering the portfolio. To make room for the new entrants, a few holdings were retired including LVMH Moët Hennessy Louis Vuitton (luxury goods), where we feel the growth will be more challenged going forward.

The rest of the assets are held in short-dated fixed income (in GBP and USD), cash and liquidity funds (36.9%). We note that inflation in the US (core Consumer Price Index running at 0.2% currently) is challenging expectations of interest rate cuts in the US and therefore have resulted in some tightening of yields. As the maturities we own are short dated, any bonds affected by this in the short-term will inevitably trend back to par meaning any capital impaired in the short-term will be recovered. The temporary impairment has not been experienced with the UK Treasury Gilt holdings. In the UK we have probably seen the top of the interest rate cycle and fixed income markets are responsive to the generally weak tone of economic growth.

The redemption of iShares USD Treasury Bond 1-3yr UCITS ETF was to fund the investment in iShares Core MSCI Japan IMI UCITS ETF as we increased the Japanese equity exposure.

As at 31 October 2024, the value of the pocket managed by Cerno Capital Partners LLP stood at £2.3 million.

The final general point to make is that the portfolio allocation remains quite conservative at this time, with overall equity exposure sitting at 63.4%. It remains our longer-range plan to build the TM Cerno Global Leaders Fund component of the allocation into a dominant position.

### Investment strategy and outlook

We observed that financial assets (outside the obvious investment ramp in and around AI) are not completely in tune with economic developments and that discord will therefore likely continue. As weak economic growth can beget strong asset prices, the reverse can also happen. It will likely pay to keep a keen eye on valuations and take profit within areas that have done well. It will pay to invest more broadly.

\* Source: Cerno Capital Partners LLP and Morningstar.

\*\* Source: Cerno Capital Partners LLP.

<sup>1</sup> One basis point is equal to 1/100th of 1%, or 0.01%.

## Investment Manager's report - Cerno Capital Partners LLP (continued)

### Investment strategy and outlook (continued)

While the performance of the portfolio has lagged the broader market indices, we are confident that the investments we hold offer good value and give a well-diversified geographical spread. We have not been chasing the handful of top performing technology stocks, that are probably overpriced and over owned, instead we have focused more on unloved areas like the UK and are happy to take the risk-free return of owning short-term bonds.

Cerno Capital Partners LLP

12 December 2024

## Summary of portfolio changes

for the year ended 31 October 2024

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

	Cost
	£
Purchases:	
Amundi US TIPS Government Inflation-Linked Bond UCITS ETF	954,273
TM Cerno Global Leaders Fund	770,939
3i Infrastructure	725,682
Xtrackers S&P 500 Equal Weight UCITS ETF	643,289
Edgewood L Select - US Select Growth	631,042
ICG Enterprise Trust	618,558
Thermo Fisher Scientific	596,194
Templeton Emerging Markets Investment Trust	545,693
Goldman Sachs Group	484,246
Artemis UK Smaller Companies Fund	461,402
LVMH Moët Hennessy Louis Vuitton	444,490
UK Treasury Gilt 1% 31/01/2032	438,275
Zoetis	428,421
Brown Advisory US Smaller Companies Fund	356,003
Fidelity Investment Funds - Asia Fund	347,655
Schneider Electric	346,684
UK Treasury Gilt 0.625% 31/07/2035	344,700
Rio Tinto	340,233
GQG Partners US Equity Fund	322,902
BlackRock ICS Sterling Liquidity Fund Acc	308,824
	Proceeds
	£
Sales:	
GAM Star Credit Opportunities	751,116
BlackRock Corporate Bond Fund	640,332
HICL Infrastructure	620,159
PepsiCo	597,465
Danaher	586,523
Federated Hermes Global Emerging Markets Equity Fund	539,947
NatWest Group	492,380
Pantheon Infrastructure	488,029
Pantheon International	443,437
Dassault Systemes	423,364
Nestlé	395,748
Life Science REIT	368,967
GSK	360,864
iShares USD Treasury Bond 7-10yr UCITS ETF	349,504
Microsoft	339,867
Anglo American	339,184
McDonald's	324,837
Amazon.com	313,323
BlackRock ICS Sterling Liquidity Fund Acc	311,983
SPDR S&P US Dividend Aristocrats UCITS ETF	279,973

Portfolio statement  
as at 31 October 2024

	Nominal value or holding	Market value £	% of total net assets
Investment			
Debt Securities* 10.72% (10.73%)			
Aaa to Aa2 0.57% (0.66%)			
US Treasury Note 0.875% 30/06/2026	\$147,000	108,260	0.29
US Treasury Note 4.125% 31/10/2027	\$136,000	105,750	0.28
		<u>214,010</u>	<u>0.57</u>
Aa3 to A1 10.15% (10.07%)			
UK Treasury Gilt 0.25% 31/01/2025	£500,000	494,895	1.31
UK Treasury Gilt 0.625% 31/07/2035	£500,000	338,370	0.89
UK Treasury Gilt 1% 31/01/2032	£565,000	451,164	1.19
UK Treasury Gilt 3.5% 22/10/2025	£913,000	903,222	2.39
UK Treasury Inflation-Linked Gilt 0.125% 10/08/2028**	£757,000	1,043,789	2.76
UK Treasury Inflation-Linked Gilt 0.125% 22/03/2026**	£410,000	610,641	1.61
		<u>3,842,081</u>	<u>10.15</u>
Total debt securities		<u>4,056,091</u>	<u>10.72</u>
Equities 38.58% (44.35%)			
Equities - United Kingdom 16.69% (19.17%)			
Equities - incorporated in the United Kingdom 15.05% (17.94%)			
Energy 3.12% (3.24%)			
BP	78,000	293,787	0.78
Shell	34,350	885,200	2.34
		<u>1,178,987</u>	<u>3.12</u>
Materials 2.14% (2.61%)			
Croda International	6,775	250,811	0.66
Rio Tinto	11,150	559,284	1.48
		<u>810,095</u>	<u>2.14</u>
Industrials 1.33% (0.63%)			
BAE Systems	40,250	503,125	1.33
Consumer Staples 3.18% (3.72%)			
Diageo	21,850	524,182	1.39
Unilever	14,350	678,755	1.79
		<u>1,202,937</u>	<u>3.18</u>
Health Care 1.69% (2.74%)			
AstraZeneca	5,775	637,676	1.69
Financials 0.00% (0.67%)		-	-
Utilities 2.03% (1.80%)			
National Grid	78,792	769,168	2.03

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

\*\* Variable interest security.

Portfolio statement (continued)  
as at 31 October 2024

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities (continued)			
Equities - United Kingdom (continued)			
Equities - incorporated in the United Kingdom (continued)			
Real Estate 1.56% (2.53%)			
LondonMetric Property	305,000	591,395	1.56
		<hr/>	<hr/>
Total equities - incorporated in the United Kingdom		5,693,383	15.05
		<hr/>	<hr/>
Equities - incorporated outwith the United Kingdom 1.64% (1.23%)			
Industrials 1.64% (1.23%)			
Experian	16,400	619,264	1.64
		<hr/>	<hr/>
Total equities - United Kingdom		6,312,647	16.69
		<hr/>	<hr/>
Equities - Europe 3.97% (4.26%)			
Equities - France 1.97% (1.27%)			
LVMH Moët Hennessy Louis Vuitton	750	386,210	1.02
Schneider Electric	1,800	360,547	0.95
Total equities - France		746,757	1.97
		<hr/>	<hr/>
Equities - Ireland 2.00% (1.76%)			
CRH	10,250	757,885	2.00
		<hr/>	<hr/>
Equities - Switzerland 0.00% (1.23%)		-	-
		<hr/>	<hr/>
Total equities - Europe		1,504,642	3.97
		<hr/>	<hr/>
Equities - United States 17.92% (20.92%)			
Alphabet 'A'	4,550	605,251	1.60
Amazon.com	4,375	633,391	1.67
Berkshire Hathaway	2,275	797,687	2.11
Goldman Sachs Group	1,300	523,387	1.38
IDEX	3,200	533,918	1.41
Microsoft	2,000	632,054	1.67
NVIDIA	2,750	283,460	0.75
Thermo Fisher Scientific	1,400	595,118	1.57
UnitedHealth Group	1,500	658,500	1.74
Visa	2,100	473,429	1.25
Walt Disney	7,500	561,195	1.48
Zoetis	3,500	486,594	1.29
Total equities - United States		6,783,984	17.92
		<hr/>	<hr/>
Total equities		14,601,273	38.58
		<hr/>	<hr/>

## Portfolio statement (continued)

as at 31 October 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Closed-Ended Funds - United Kingdom 13.94% (14.12%)			
Closed-Ended Funds - incorporated in the United Kingdom 9.70% (11.26%)			
BlackRock Smaller Companies Trust	25,550	358,211	0.95
Greencoat UK Wind	421,092	557,947	1.47
ICG Enterprise Trust	46,000	565,800	1.50
Polar Capital Technology Trust	205,000	636,525	1.68
Templeton Emerging Markets Investment Trust	346,308	571,408	1.51
Utilico Emerging Markets Trust	145,000	305,950	0.81
Worldwide Healthcare Trust	199,500	675,308	1.78
Total closed-ended funds - incorporated in the United Kingdom		<u>3,671,149</u>	<u>9.70</u>
Closed-Ended Funds - incorporated outwith the United Kingdom 4.24% (2.86%)			
3i Infrastructure	230,000	735,999	1.94
International Public Partnerships	354,300	452,795	1.20
Sequoia Economic Infrastructure Income Fund	550,000	416,350	1.10
Total closed-ended funds - incorporated outwith the United Kingdom		<u>1,605,144</u>	<u>4.24</u>
Total closed-ended funds		<u>5,276,293</u>	<u>13.94</u>
Collective Investment Schemes 32.43% (26.82%)			
UK Authorised Collective Investment Schemes 15.63% (12.54%)			
Artemis UK Smaller Companies Fund	24,000	471,348	1.25
Baillie Gifford Overseas Growth Funds ICVC - Japanese Fund	38,020	715,537	1.89
BlackRock Continental European Income Fund	365,000	681,937	1.80
Fidelity Investment Funds - Asia Fund	21,500	355,395	0.95
First Sentier Investors ICVC			
- Stewart Investors Asia Pacific Leaders Sustainability	81,500	866,386	2.29
MI TwentyFour Investment Funds - Dynamic Bond Fund	7,670	751,766	1.99
Schroder Asian Income Fund	1,065,000	832,617	2.20
TM Cerno Global Leaders Fund <sup>^</sup>	69,679	1,234,708	3.26
Total UK authorised collective investment schemes		<u>5,909,694</u>	<u>15.63</u>
Offshore Collective Investment Schemes 16.80% (14.28%)			
Amundi US TIPS Government Inflation-Linked Bond UCITS ETF	9,300	985,335	2.60
BlackRock ICS Sterling Liquidity Fund Inc	130,034	130,034	0.34
Brown Advisory US Smaller Companies Fund	15,000	372,302	0.98
Edgewood L Select - US Select Growth	2,000	734,009	1.94
GQG Partners US Equity Fund	60,000	786,838	2.08
iShares Core MSCI Japan IMI UCITS ETF	5,690	238,582	0.63
iShares USD Treasury Bond 7-10yr UCITS ETF	201,700	879,614	2.32
iShares USD Ultrashort Bond UCITS ETF	1,310	103,606	0.27
SPDR Bloomberg 1-5 Year Gilt UCITS ETF	3,655	176,208	0.48

<sup>^</sup> Managed by the Investment Manager, Cerno Capital Partners LLP.



## Portfolio statement (continued)

as at 31 October 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Collective Investment Schemes (continued)			
Offshore Collective Investment Schemes (continued)			
SPDR S&P US Dividend Aristocrats UCITS ETF	7,000	416,630	1.10
Vanguard S&P 500 UCITS ETF	9,500	802,751	2.12
Xtrackers S&P 500 Equal Weight UCITS ETF	9,800	733,447	1.94
Total offshore collective investment schemes		<u>6,359,356</u>	<u>16.80</u>
Total collective investment schemes		<u>12,269,050</u>	<u>32.43</u>
Exchange Traded Commodities 3.88% (3.41%)			
Invesco Physical Gold	7,150	<u>1,469,820</u>	<u>3.88</u>
Portfolio of investments		<u>37,672,527</u>	<u>99.55</u>
Other net assets		169,350	0.45
Total net assets		<u>37,841,877</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.

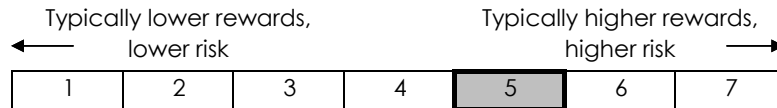
The comparative figures in brackets are as at 31 October 2023.

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

GICS was developed by and is the exclusive property and a service mark of MSCI Inc. ('MSCI') and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ('S&P') and is licensed for use by Evelyn Partners Services Limited. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

## Risk and reward profile\*

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



The Fund is in a 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 4 October 2024.

## Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the Fund. It also discloses the operating charges and direct transaction costs applied to each share. 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.

	2024	2023	2022
	p	p	p
<b>Class A Income</b>			
Change in net assets per share			
Opening net asset value per share	103.72	106.19	124.16
Return before operating charges	16.54	0.44	(15.61)
Operating charges	(1.15)	(1.20)	(1.53)
Return after operating charges *	15.39	(0.76)	(17.14)
Distributions <sup>^</sup>	(2.03)	(1.71)	(0.83)
Closing net asset value per share	117.08	103.72	106.19
* after direct transaction costs of:	0.05	0.04	0.02
<b>Performance</b>			
Return after charges	14.84%	(0.72%)	(13.80%)
<b>Other information</b>			
Closing net asset value (£)	21,996,583	22,005,430	21,790,473
Closing number of shares	18,787,349	21,215,310	20,520,210
Operating charges <sup>^^</sup>	1.00%	1.11%	1.31%
Direct transaction costs	0.05%	0.04%	0.02%
<b>Published prices</b>			
Highest share price	119.8	111.0	127.7
Lowest share price	106.9	104.7	104.9

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

<sup>^</sup> Rounded to 2 decimal places.

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

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

## Comparative table (continued)

	2024	2023	2022
	p	p	p
<b>Class A Accumulation</b>			
Change in net assets per share			
Opening net asset value per share	111.67	112.50	130.56
Return before operating charges	17.81	0.44	(16.45)
Operating charges	(1.22)	(1.27)	(1.61)
Return after operating charges *	16.59	(0.83)	(18.06)
Distributions <sup>^</sup>	(2.20)	(1.82)	(0.87)
Retained distributions on accumulation shares <sup>^</sup>	2.20	1.82	0.87
Closing net asset value per share	128.26	111.67	112.50
* after direct transaction costs of:	0.06	0.04	0.02
<b>Performance</b>			
Return after charges	14.86%	(0.74%)	(13.83%)
<b>Other information</b>			
Closing net asset value (£)	15,845,294	11,188,705	11,158,881
Closing number of shares	12,353,852	10,019,536	9,918,686
Operating charges <sup>^^</sup>	1.00%	1.11%	1.31%
Direct transaction costs	0.05%	0.04%	0.02%
<b>Published prices</b>			
Highest share price	130.0	117.6	134.2
Lowest share price	115.1	111.7	110.7

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

<sup>^</sup> Rounded to 2 decimal places.

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

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

## Financial statements - The Galacum Fund

### Statement of total return

for the year ended 31 October 2024

	Notes	2024		2023	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		4,237,766		(801,986)
Revenue	3	965,566		872,700	
Expenses	4	<u>(306,104)</u>		<u>(324,815)</u>	
Net revenue before taxation		659,462		547,885	
Taxation	5	<u>(10,756)</u>		<u>(12,232)</u>	
Net revenue after taxation			<u>648,706</u>		<u>535,653</u>
Total return before distributions			4,886,472		(266,333)
Distributions	6		(648,586)		(535,697)
Change in net assets attributable to shareholders from investment activities			<u>4,237,886</u>		<u>(802,030)</u>

### Statement of change in net assets attributable to shareholders

for the year ended 31 October 2024

		2024		2023	
		£	£	£	£
Opening net assets attributable to shareholders			33,194,135		32,949,354
Amounts receivable on issue of shares		878,473		864,926	
Amounts payable on cancellation of shares		<u>(740,628)</u>		<u>-</u>	
			137,845		864,926
Change in net assets attributable to shareholders from investment activities			4,237,886		(802,030)
Retained distributions on accumulation shares			272,011		181,885
Closing net assets attributable to shareholders			<u>37,841,877</u>		<u>33,194,135</u>

Balance sheet  
as at 31 October 2024

	Notes	2024 £	2023 £
Assets:			
Fixed assets:			
Investments		37,672,527	33,005,903
Current assets:			
Debtors	7	57,606	71,837
Cash and cash equivalents	8	341,052	345,597
Total assets		<u>38,071,185</u>	<u>33,423,337</u>
Liabilities:			
Creditors:			
Distribution payable		(203,091)	(199,212)
Other creditors	9	(26,217)	(29,990)
Total liabilities		<u>(229,308)</u>	<u>(229,202)</u>
Net assets attributable to shareholders		<u><u>37,841,877</u></u>	<u><u>33,194,135</u></u>

## Notes to the financial statements

for the year ended 31 October 2024

### 1. Accounting policies

The accounting policies are disclosed on pages 13 to 15.

2. Net capital gains / (losses)	2024	2023
	£	£
Non-derivative securities - realised gains/(losses)	760,802	(550,944)
Non-derivative securities - movement in unrealised gains/(losses)	3,479,420	(257,003)
Currency (losses) / gains	(4,136)	5,917
Forward currency contracts	-	257
Compensation	2,246	1,040
Transaction charges	(566)	(1,253)
Total net capital gains / (losses)	<u>4,237,766</u>	<u>(801,986)</u>
3. Revenue	2024	2023
	£	£
UK revenue	413,541	356,734
Unfranked revenue	89,214	114,808
Overseas revenue	252,940	259,918
Interest on debt securities	178,383	93,197
Bank and deposit interest	31,488	48,043
Total revenue	<u>965,566</u>	<u>872,700</u>
4. Expenses	2024	2023
	£	£
Payable to the ACD and associates		
ACD's periodic charge*	54,679	50,652
Investment Managers' fees*	227,535	252,185
	<u>282,214</u>	<u>302,837</u>
Payable to the Depositary		
Depositary fees	12,029	11,143
Other expenses:		
Audit fee	8,700	7,632
Non-executive directors' fees	1,279	1,662
Safe custody fees	895	437
Bank interest	246	368
FCA fee	241	278
KIID production fee	500	458
	<u>11,861</u>	<u>10,835</u>
Total expenses	<u>306,104</u>	<u>324,815</u>

\* The annual management charge is 0.77% and includes the ACD's periodic charge and the Investment Managers' fees.

## Notes to the financial statements (continued)

for the year ended 31 October 2024

5. Taxation	2024	2023
	£	£
<i>a. Analysis of the tax charge for the year</i>		
Overseas tax withheld	10,756	12,232
Total taxation (note 5b)	<u>10,756</u>	<u>12,232</u>

### *b. Factors affecting the tax charge for the year*

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%). The differences are explained below:

	2024	2023
	£	£
Net revenue before taxation	<u>659,462</u>	<u>547,885</u>
Corporation tax @ 20%	131,892	109,577
Effects of:		
UK revenue	(82,708)	(71,347)
Overseas revenue	(33,240)	(35,548)
Overseas tax withheld	10,756	12,232
Utilisation of excess management expenses	<u>(15,944)</u>	<u>(2,682)</u>
Total taxation (note 5a)	<u>10,756</u>	<u>12,232</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 £144,600 (2023: £160,544).

## 6. Distributions

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

	2024	2023
	£	£
Interim income distribution	173,510	158,859
Interim accumulation distribution	127,100	81,690
Final income distribution	203,091	199,212
Final accumulation distribution	<u>144,911</u>	<u>100,195</u>
	648,612	539,956
Equalisation:		
Amounts deducted on cancellation of shares	2,856	-
Amounts added on issue of shares	(2,856)	(4,259)
Net equalisation on conversions	<u>(26)</u>	<u>-</u>
Total net distributions	<u>648,586</u>	<u>535,697</u>
Reconciliation between net revenue and distributions:		
Net revenue after taxation per Statement of total return	648,706	535,653
Undistributed revenue brought forward	78	122
Undistributed revenue carried forward	<u>(198)</u>	<u>(78)</u>
Distributions	<u>648,586</u>	<u>535,697</u>

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



## Notes to the financial statements (continued)

for the year ended 31 October 2024

7. Debtors	2024	2023
	£	£
Accrued revenue	54,824	70,322
Recoverable overseas withholding tax	2,657	1,298
Prepaid expenses	125	217
Total debtors	<u>57,606</u>	<u>71,837</u>
8. Cash and cash equivalents	2024	2023
	£	£
Total cash and cash equivalents	<u>341,052</u>	<u>345,597</u>
9. Other creditors	2024	2023
	£	£
Accrued expenses:		
Payable to the ACD and associates		
Investment Managers' fees	<u>15,030</u>	<u>20,799</u>
Other expenses:		
Safe custody fees	889	173
Audit fee	8,700	7,632
Non-executive directors' fees	1,149	1,248
FCA fee	148	-
Transaction charges	<u>301</u>	<u>138</u>
	11,187	9,191
Total other creditors	<u>26,217</u>	<u>29,990</u>

### 10. Commitments and contingent liabilities

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

### 11. Share types

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

	Class A Income
Opening shares in issue	21,215,310
Total shares issued in the year	508,199
Total shares cancelled in the year	(504,660)
Total shares converted in the year	<u>(2,431,500)</u>
Closing shares in issue	<u>18,787,349</u>
	Class A Accumulation
Opening shares in issue	10,019,536
Total shares issued in the year	231,544
Total shares cancelled in the year	(155,750)
Total shares converted in the year	<u>2,258,522</u>
Closing shares in issue	<u>12,353,852</u>

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

On the winding up of a Fund all the assets of the Fund will be realised and apportioned to the share types in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each share type has the same rights on winding up.

## Notes to the financial statements (continued)

for the year ended 31 October 2024

### 12. Related party transactions

Evelyn Partners Fund Solutions Limited, as ACD is a related party due to its ability to act in respect of the operations of the Fund.

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

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

The Investment Manager, Evelyn Partners Investment Management Limited LLP is a related party to the ACD as they are within the same corporate body.

### 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per income share has increased from 117.1p to 119.6p and the accumulation share has increased from 128.3p to 131.1p as at 14 January 2025. This movement takes into account routine transactions but also reflects the market movements of recent months.

### 14. Transaction costs

#### a Direct transaction costs

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

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

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

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

2024	Purchases before transaction costs		Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£		£	%	£	%	£	%	£
Equities	3,390,795		1,176	0.03%	5,208	0.15%	2,365	0.07%	3,399,544
Closed-Ended Funds	2,000,588		-	-	6,383	0.32%	-	-	2,006,971
Bonds*	871,533		-	-	-	-	-	-	871,533
Collective Investment Schemes*	5,474,968		-	-	-	-	-	-	5,474,968
<b>Total</b>	<b>11,737,884</b>		<b>1,176</b>	<b>0.03%</b>	<b>11,591</b>	<b>0.47%</b>	<b>2,365</b>	<b>0.07%</b>	<b>11,753,016</b>

\* No direct transaction costs were incurred in these transactions.

## Notes to the financial statements (continued)

for the year ended 31 October 2024

### 14. Transaction costs (continued)

#### a Direct transaction costs (continued)

	Purchases before transaction costs		Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£	
2023									
Equities	2,725,348	342	0.01%	10,224	0.37%	-	-	2,735,914	
Closed-Ended Funds	1,450,201	-	-	1,861	0.13%	-	-	1,452,062	
Bonds*	3,611,757	-	-	-	-	-	-	3,611,757	
Collective Investment Schemes*	4,510,163	-	-	-	-	-	-	4,510,163	
Total	12,297,469	342	0.01%	12,085	0.50%	-	-	12,309,896	

Capital events amount of £114,758 (2023: £nil) 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
	£	£	%	£	%	£	%	£	
2024									
Equities	5,287,541	(1,874)	0.04%	(7)	0.00%	-	-	5,285,660	
Closed-Ended Funds	2,273,703	-	-	(9)	0.00%	-	-	2,273,694	
Bonds*	493,250	-	-	-	-	-	-	493,250	
Collective Investment Schemes*	3,456,176	-	-	-	-	-	-	3,456,176	
Total	11,510,670	(1,874)	0.04%	(16)	0.00%	-	-	11,508,780	

	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£	
2023									
Equities	2,795,855	(926)	0.02%	(162)	0.01%	-	-	2,794,767	
Closed-Ended Funds	2,501,092	-	-	(4)	0.00%	-	-	2,501,088	
Bonds*	105,817	-	-	-	-	-	-	105,817	
Collective Investment Schemes*	4,343,976	-	-	-	-	-	-	4,343,976	
Total	9,746,740	(926)	0.02%	(166)	0.01%	-	-	9,745,648	

Capital events amount of £100,300 (2023: £nil) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

\* No direct transaction costs were incurred in these transactions.

## Notes to the financial statements (continued)

for the year ended 31 October 2024

### 14. Transaction costs (continued)

#### a Direct transaction costs (continued)

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:

2024	£	% of average net asset value
Commission	3,050	0.01%
Taxes	11,607	0.03%
Financial transaction tax	2,365	0.01%

2023	£	% of average net asset value
Commission	1,268	0.00%
Taxes	12,251	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 0.06% (2023: 0.14%).

### 15. Risk management policies

In pursuing the Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD 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 ACD'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 ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

#### a Market risk

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

##### (i) Other price risk

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

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

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Fund is exposed to price fluctuations, which are monitored by the ACD 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 October 2024, 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 shareholders of the Fund would increase or decrease by approximately £1,680,822 (2023: £1,472,201).

## Notes to the financial statements (continued)

for the year ended 31 October 2024

### 15. Risk management policies (continued)

#### a Market risk (continued)

#### (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
2024	£	£	£
Euro	746,757	1,959	748,716
US dollar	12,418,824	4,184	12,423,008
Total foreign currency exposure	<u>13,165,581</u>	<u>6,143</u>	<u>13,171,724</u>

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2023	£	£	£
Euro	422,564	1,298	423,862
Swiss franc	408,472	-	408,472
US dollar	10,065,634	3,084	10,068,718
Total foreign currency exposure	<u>10,896,670</u>	<u>4,382</u>	<u>10,901,052</u>

At 31 October 2024, 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 shareholders of the Fund would increase or decrease by approximately £658,586 (2023: £545,053).

#### (iii) Interest rate risk

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

During the year the Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities. The Fund also has indirect exposure to interest rate risk as it invests in bond funds. The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

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

At 31 October 2024, if interest rates increased or decreased by 25 basis points, with all other variables remaining constant, then the net assets attributable to shareholders of the Fund would increase or decrease by approximately £31,733 (2023: £23,512).

## Notes to the financial statements (continued)

for the year ended 31 October 2024

### 15. Risk management policies (continued)

#### a Market risk (continued)

##### (iii) Interest rate risk (continued)

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

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

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

	Variable rate financial assets	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2024	£	£	£	£	£
Euro	-	-	748,716	-	748,716
UK sterling	1,994,055	2,187,651	20,717,755	(229,308)	24,670,153
US dollar	1,427	214,010	12,207,571	-	12,423,008
	<u>1,995,482</u>	<u>2,401,661</u>	<u>33,674,042</u>	<u>(229,308)</u>	<u>37,841,877</u>

	Variable rate financial assets	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2023	£	£	£	£	£
Euro	-	-	423,862	-	423,862
Swiss franc	-	-	408,472	-	408,472
UK sterling	1,926,270	1,756,809	18,839,206	(229,202)	22,293,083
US dollar	6,253	218,153	9,844,312	-	10,068,718
	<u>1,932,523</u>	<u>1,974,962</u>	<u>29,515,852</u>	<u>(229,202)</u>	<u>33,194,135</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 Depositary 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.

## Notes to the financial statements (continued)

for the year ended 31 October 2024

### 15. Risk management policies (continued)

#### c Liquidity risk

A significant risk is the cancellation of shares 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 shares 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 shares 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 ACD 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.

All of the financial liabilities are payable on demand.

#### 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 ACD 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
	2024	2024
	£	£
Quoted prices	29,739,650	-
Observable market data	7,932,877	-
Unobservable data	-	-
	<u>37,672,527</u>	<u>-</u>

Basis of valuation	Investment assets	Investment liabilities
	2023	2023
	£	£
Quoted prices	26,805,721	-
Observable market data	6,200,182	-
Unobservable data	-	-
	<u>33,005,903</u>	<u>-</u>

No securities in the portfolio of investments are valued using valuation techniques.

## Notes to the financial statements (continued)

for the year ended 31 October 2024

### 15. Risk management policies (continued)

#### e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

#### 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 ACD 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.

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.

During the year there were no derivative transactions.

#### (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 Depositary.

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.

There have been no leveraging arrangements in the year.

#### (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 there is no global exposure to derivatives.

There have been no collateral arrangements in the year.



## Distribution table

for the year ended 31 October 2024

Interim distributions in pence per share

Group 1 - Shares purchased before 1 November 2023

Group 2 - Shares purchased 1 November 2023 to 30 April 2024

	Net revenue	Equalisation	Total distributions 30 June 2024	Total distributions 30 June 2023
Class A Income				
Group 1	0.944	-	0.944	0.770
Group 2	0.599	0.345	0.944	0.770
Class A Accumulation				
Group 1	1.031	-	1.031	0.817
Group 2	0.398	0.633	1.031	0.817

Final distributions in pence per share

Group 1 - Shares purchased before 1 May 2024

Group 2 - Shares purchased 1 May 2024 to 31 October 2024

	Net revenue	Equalisation	Total distributions 31 December 2024	Total distributions 31 December 2023
Class A Income				
Group 1	1.081	-	1.081	0.939
Group 2	0.880	0.201	1.081	0.939
Class A Accumulation				
Group 1	1.173	-	1.173	1.000
Group 2	0.697	0.476	1.173	1.000

### Equalisation

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

### Accumulation distribution

Holders of accumulation shares should add the distributions received thereon to the cost of the shares 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 2023 includes details on the remuneration policy. The remuneration committee comprises five non-executive directors<sup>1</sup> and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met eight times during 2023.

### Remuneration policy

The main principles of the remuneration policy are:

- to align remuneration with the strategy and performance of the business;
- to ensure that remuneration is set at an appropriate and competitive level taking into account market rates and practices;
- to foster and support conduct and behaviours which are in line with our culture and values;
- to maintain a sound risk management framework;
- to ensure that the ratio between fixed and variable remuneration is appropriate and does not encourage excessive risk taking;
- to comply with all relevant regulatory requirements; and
- to align incentive plans with the business strategy and shareholder interests.

The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy. As part of a "balanced scorecard" approach to variable remuneration non-financial criteria including, but not limited to, compliance and risk issues, client management, supervision, leadership and teamwork are considered alongside financial performance.

### Remuneration systems

The committee reviews all partners' and directors' fixed and variable remuneration. In addition, it approves hurdles and awards in respect of equity incentive plans, namely a Deferred Option Plan, Equity Matching Plan, Matching Share Plan, Executive Long Term Incentive Plan and an Investment Management Long Term Incentive Plan.

The remuneration of partners is made up of a fixed profit share, discretionary bonus profit share and non-discretionary bonus profit share. The remuneration of employees typically comprises of a salary with benefits including pension contribution, life assurance, permanent health insurance, private medical insurance, SAYE scheme and a discretionary bonus scheme. Partners, directors and associate directors are also eligible to participate, at the invitation of the committee, in the equity incentive plans described above.

When setting variable remuneration for the executive directors, the committee considers overall business profit for the group and divisions, achievement of both financial and non-financial objectives (including adherence to the principles of treating customers fairly, conduct risk, compliance and regulatory rules), personal performance and any other relevant policy of the board in respect of the year ended 31 December 2023. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

<sup>1</sup> Please note that the data provided for the independent non-executive directors is as at 31 December 2023. 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 72 employees is £3.51 million of which £3.23 million is fixed remuneration. This is based on the salary and benefits for those identified as working in EPFL as at 31 December 2023. Any variable remuneration is awarded for the year ended 31 December 2023. This information excludes any senior management or other Material Risk Takers (MRTs) whose remuneration information is detailed below.

Evelyn Partners Group Limited reviews its MRTs at least annually. These individuals are employed by and provide services to other companies in the Group. It is difficult to apportion remuneration for these individuals in respect of their duties to EPFL. For this reason, the aggregate total remuneration awarded for the year 31 December 2023 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 2023 to 31 December 2023				
		Variable	Variable	Total	No. MRTs
	Fixed	Cash	Equity		
	£'000	£'000	£'000	£'000	
Senior Management	3,518	1,662	-	5,180	18
Other MRTs	919	848	-	1,767	5
Total	4,437	2,510	-	6,947	23

### Investment Managers

The ACD has appointed Evelyn Partners Investment Management LLP and Cerno Capital Partners LLP to provide Investment Management and related advisory services to the ACD. The Investment Managers are paid a monthly fee out of the scheme property of The Galacum Fund which is calculated on the total value of the portfolio of investments at the month end. The Investment Managers 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 distributed/allocated semi-annually on or before 31 December (final) and 30 June (interim). In the event of a distribution, shareholders will receive a tax voucher.

XD dates:	1 November	final
	1 May	interim
Reporting dates:	31 October	annual
	30 April	interim

### Buying and selling shares

The property of the Fund is valued at 10pm on the 14th and the last business day of the month except where the 14th is not a business day then it shall be the next business day thereafter, with the exception of any bank holiday in England and Wales or the last business day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary, and prices of shares are calculated as at that time. Share dealing is on a forward basis i.e. investors can buy and sell shares at the next valuation point following receipt of the order.

Prices of shares and the estimated yield of the share types are published on the following website: [www.trustnet.com](http://www.trustnet.com) or may be obtained by calling 0141 222 1151.

### Benchmark

Shareholders may compare the performance of the Fund against the ARC Sterling Steady Growth PCI. Comparison of the Fund's performance against this benchmark will give shareholders an indication of how the Fund is performing against an index based on the real performance numbers delivered to discretionary private clients by participating investment managers.

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

## Appointments

### ACD 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 ACD

Andrew Baddeley  
Brian McLean  
Mayank Prakash  
Neil Coxhead

### Independent Non-Executive Directors of the ACD

Dean Buckley  
Linda Robinson  
Victoria Muir  
Sally Macdonald

### Non-Executive Directors of the ACD

Guy Swarbreck

### Investment Managers

Evelyn Partners Investment Management LLP  
45 Gresham Street  
London EC2V 7BG  
Authorised and regulated by the Financial Conduct Authority

### Cerno Capital Partners LLP

1st Floor  
34-35 Sackville Street  
London W1S 3ED  
Authorised and regulated by the Financial Conduct Authority

### Depositary

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