The Securities Fund

Annual Report

for the year ended 31 July 2024

Contents

The Securities Fund

Report of the Manager

Evelyn Partners Fund Solutions Limited ('EPFL'), as Manager, presents herewith the Annual Report for The Securities Fund for the year ended 31 July 2024.

The Securities Fund ('the Trust' or 'the Fund') is an authorised unit trust scheme further to an authorisation order dated 26 April 1999 and is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL'), as published by the Financial Conduct Authority ('FCA').

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

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

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

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

Investment objective and policy

The investment objective of the Fund is to achieve capital growth through investment principally in UK and international equities.

The Fund may also invest in derivative instruments and forward transactions (for hedging purposes only), fixed interest securities, warrants, deposits, approved money market instruments and collective investment schemes.

Changes affecting the Fund in the year

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

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

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

Neil Coxhead Brian McLean
Directors
Evelyn Partners Fund Solutions Limited
28 October 2024

Statement of the Manager's responsibilities

The Collective Investment Schemes sourcebook ('COLL') published by the FCA, requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net revenue and net capital gains on the scheme property of the Trust for the year.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for the Financial Statements of UK Authorised Funds ('the SORP') issued by The Investment Association in May 2014 and amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- taking reasonable steps for the prevention and detection of fraud and irregularities; and
- the maintenance and integrity of the Trust's information on the Manager's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COLL also requires the Manager to carry out an Assessment of Value on the Trust and publish this assessment within the Annual Report.

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

Assessment of Value - The Securities Fund

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

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

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

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

On balance, the Board believes the Trust has delivered value to unitholders, with no material issues noted.

On balance, the Board believes the Trust has delivered value to unitholders, but may require some action.

On balance, the Board believes the Trust has not delivered value to unitholders 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 Trust 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 Trust 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 Trust performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;

(3) AFM costs – the fairness and value of the Trust'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 Trust compare with others in the marketplace;

(6) Comparable services – how the charges applied to the Trust compare with those of other funds administered by EPFL;

(7) Classes of units – the appropriateness of the classes of units in the Trust for investors.

Assessment of Value - The Securities Fund (continued)

1. Quality of Service

What was assessed in this section?

Internal Factors

EPFL, as AFM, has overall responsibility for the Trust. The Board assessed, amongst other things: the day-to-day administration of the Trust; the maintenance of scheme documentation (such as prospectuses and key investor information documents ('KIIDs')); the pricing and valuation of units; 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 dealing and settlement arrangements and the quality of marketing material sent to unitholders. EPFL delegates the Investment Management of the Trust to an Investment Management firm.

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 Trustee and various EPFL delegated Investment Managers.

External Factors

The Board assessed the delegate's 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 Manager, Goldman Sachs International, where consideration was given to, amongst other things, the delegate's controls around the Trust's liquidity management.

The Board also considered the nature, extent and quality of administrative and unitholders services performed under separate agreements covering trustee services, custody, 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 Trust'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 Trust and its unitholders.

Were there any follow up actions?

There were no follow-up actions.

2. Performance

What was assessed in this section?

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

Investment Objective

The Trust seeks to achieve capital growth through investment principally in UK and international equities.

Assessment of Value - The Securities Fund (continued)

2. Performance (continued)

Benchmark

As AFM, 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.

The benchmark for the Trust is the IA Global Sector, 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 Trust had performed against its comparator benchmark over various timescales can be found below.

Cumulative Performance as at 30 June 2024 (%)

	Currency	1 Year	3 Years	5 Years
IA Global Sector TR in GB	GBP	14.89%	16.11%	54.05%
The Securities Fund Accumulation units in GB	GBX	14.67%	8.12%	51.92%

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 FE Fundinfo 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 Trust over a recommended holding period of five years and observed that it had underperformed its comparator benchmark, the IA Global Sector. As a result an Amber rating was given.

Consideration was given to the risk metrics associated with the Trust which focused on, amongst other things, volatility and risk adjusted returns where EPFL were comfortable that the outcomes were in line with expectations.

The Board found that the Trust 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. AFM 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 annual management charge (‘AMC’), Trustee/Custodian fees and audit fee. The AMC includes the Manager's periodic charge and the Investment Manager's 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 Trust’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 Trust to examine the effect on the Trust to potential and existing investors should it increase or decrease in value.

Assessment of Value - The Securities Fund (continued)

4. Economies of Scale (continued)

What was the outcome of the assessment?

Both the Investment Manager's fee and the Manager's periodic charge are a fixed percentage charge meaning there are no opportunities for savings going forward should the Trust grow in size.

The ancillary charges of the Trust represent 13 basis points[1]. Some of these costs are fixed and as the Trust 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.

5. Comparable Market Rates

What was assessed in this section?

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

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

What was the outcome of the assessment?

The OCF was 1.08%[2] compared favourably with those of similar externally managed funds.

Note that there is not a performance fee and that EPFL has not charged an entry fee, exit fee or any other event-based fees on this Trust.

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 Trust's Investment Manager's fee 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 Manager's fee compared favourably with other EPFL administered funds displaying similar characteristics.

Were there any follow up actions?

There were no follow-up actions required.

7. Classes of Units

What was assessed in this section?

The Board reviewed the Trust's set-up to ensure that where there are multiple unit classes, unitholders are in the correct unit class given the size of their holding.

What was the outcome of the assessment?

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

Were there any follow up actions?

There were no follow-up actions required.

[1] One basis point is equal to 1/100th of 1% or 0.01%. Figure calculated at interim report, 31 January 2024.

[2] At the interim reporting period 31 January 2024.

Assessment of Value - The Securities Fund (continued)

Overall Assessment of Value

Notwithstanding the matter referenced in Section 2, the Board concluded that The Securities Fund had provided value to investors.

Dean Buckley

Chairman of the Board of Evelyn Partners Fund Solutions Limited

22 September 2024

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.

Report of the Trustee to the unitholders of The Securities Fund

Trustee's responsibilities

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

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

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

The Trustee must ensure that:

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

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

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's revenue in accordance with the Regulations and the Scheme documents of the Fund; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Fund.

NatWest Trustee and Depositary Services Limited
28 October 2024

Independent Auditor's report to the unitholders of The Securities Fund

Opinion

We have audited the financial statements of The Securities Fund (the 'Trust') for the year ended 31 July 2024, which comprise the Statement of total return, Statement of change in unitholders' funds, Balance sheet, the related Notes to the financial statements, including significant accounting policies and the Distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the financial position of the Trust as at 31 July 2024 and of the net revenue and the net capital gains on the scheme property of the Trust for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the Investment Association Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes sourcebook (COLL Rules) of the Financial Conduct Authority and the Trust Deed.

Basis for Opinion

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

Conclusions Relating to Going Concern

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

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

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

Other Information

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

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the COLL Rules

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

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

Independent Auditor's report to the unitholders of The Securities Fund (continued)

Responsibilities of the Manager

As explained more fully in the Statement of the Manager's responsibilities set out on page 3, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Use of Our Report

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

Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL
28 October 2024

Accounting policies of The Securities Fund

for the year ended 31 July 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').

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

b Valuation of investments

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

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

The quoted investments of the Fund have been valued at the global closing bid-market prices ruling on the principal markets on which the stocks are quoted on the last business day of the accounting year.

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

c Foreign exchange

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

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

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

d Revenue

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

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

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

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

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

e Expenses

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

Bank interest paid is charged to revenue.

f Taxation

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

f Taxation (continued)

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 July 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.

g Efficient Portfolio Management

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

h Dilution adjustment

A dilution adjustment is an adjustment to the unit price which is determined by the Manager in accordance with the COLL Sourcebook. The Manager may make a dilution adjustment to the price of a unit (which means that the price of a unit 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 units. Please refer to the Prospectus for further information.

i Distribution policies

i Basis of distribution

The distribution policy is to distribute all available revenue after deduction of expenses payable from revenue. Distributions attributable to accumulation units are re-invested in the relevant class on behalf of the unitholders.

ii Revenue

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

iii Expenses

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

iv Equalisation

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

Investment Manager's report

Investment performance

The Securities Fund performance for the year 1 August 2023 to 31 July 2024 was +13.14%^ versus +12.65%* for the IA Global Sector comparative benchmark.

The investment objective of the Fund is to achieve capital growth through investment principally in UK and international equities. The Fund adopts the Goldman Sachs Asset Management Global Equity Partners Strategy to achieve this. The Global Equity Partners ('GEP') is a long-only, large cap core strategy which invests in developed market equities. The strategy seeks to invest in quality companies with the hallmarks of excellent businesses that are not fully reflected in the unit price.

Equity Manager Performance**

2024

In July 2024, the Goldman Sachs Asset Management GEP Strategy returned 0.8% (gross of fees). During the second quarter and into July, our stock selection within materials and real estate supported portfolio returns, while our positions in consumer staples and information technology sectors detracted the most from relative returns.

In the first half of 2024, The Goldman Sachs Asset Management GEP Strategy returned 8.7% (gross of fees). At the country level, our allocation to Taiwan and holdings in Spain supported portfolio returns while our positions in the United States and Finland detracted the most from relative returns. From a sectoral perspective, our stock selection within the healthcare and consumer discretionary sectors supported portfolio returns while our positions in the consumer staples and energy sectors detracted the most from relative returns during the first half of the year.

January – April 2024 period

Until the end of April 2024, global equity markets continued the broadly-based rally that began in October 2023. Whilst the technology sector continued to perform well, it no longer dominated returns. GEP's diversified exposure captured strong returns across a range of industries, particularly in materials and healthcare, resulting in performance ahead of the benchmark during this period.

May – June 2024 period

From early May, triggered by Artificial Intelligence ('AI') driven earnings from NVIDIA, the market reverted to 2023-mode, with technology outperforming significantly. At the same time, earnings disappointments from other areas of the market were severely punished, exaggerating the differential between technology and other sectors. In this environment, names like Taiwan Semiconductor Manufacturing ADR and Microsoft outperformed. However, despite GEP's exposure to technology names, diversification became a headwind, exacerbated by two companies – Estée Lauder and NIKE – whose earnings guidance disappointed during this period.

Six-month period

Underperformance for the period is mainly accounted for by the impact of disappointing earnings reported by Neste during the first quarter, and weak earnings guidance from Estée Lauder and Nike during the second quarter.

Whilst our holdings of mega-cap companies within the technology space (for example, Taiwan Semiconductor Manufacturing ADR, Alphabet 'A', and Amazon.com) made a strong contribution to performance over the period, others failed to keep pace and had a detrimental impact on relative returns.

2023

After the fall in third quarter, global equities rebounded strongly by 11.4% (total returns in USD) in the fourth quarter of 2023. The market sentiment started to improve gradually as the apprehensions around the Federal Reserve's ('Fed') next move slowly shifted to optimism for the potential peaking of interest rates.

While the returns continued to suffer initially due to the fear around 'higher for longer' interest rates, the momentum picked up in November after the release of the Consumer Price Index ('CPI') readings which came out to be cooler than expected. Headline inflation fell to 3.1% and 3.9% on a year on year basis for US and UK respectively. Following this fall in CPI numbers, investors grew hopeful around the interest rates having peaked. Having said that, while the market doesn't anticipate more hikes, the Fed, in the November meeting, has suggested to keep the rates at high levels for an extended period. Stronger-than-expected growth in US Gross Domestic Product ('GDP') for the third quarter provided the much-needed positive push to the global equities. While the GDP growth was disappointing in Japan, markets managed to perform well on the back of investment landscape in the region expected to benefit from bettering corporate governance and government's tax-refund incentives.

^ Performance is calculated and automatically generated by Goldman Sachs International internal system.

*Source: FactSet.

**Source: Goldman Sachs Asset Management.

Investment Manager's report (continued)

Equity Manager Performance (continued)*

2023 (continued)

Even though there were signs of economic resilience, it is worth noting that most of the contribution to the GDP growth came from non-residential fixed investment with consumer spending remaining cautious. Activity in US and UK picked up with composite Purchasing Managers Index ('PMI') rising above 50 in December. However, Manufacturing PMI fell to 48 in US and 46 in UK indicating industrial weakness. On the geopolitical front, the meeting between the Chinese and US Presidents leading to certain agreements on energy transition and climate change proved to be good news for the global landscape. Investor sentiment turned positive driven by hopes around lowering tensions between the two superpowers, eventually helping the growth of markets.

In terms of sector performance, all the sectors except energy ended the quarter in green with information technology and real estate topping the list.

Investment activities*

Initiations and eliminations of positions in first six months of 2024:

Global Equity Partners Trade Highlights January 2024 to June 2024	
New positions	Eliminated positions
Salesforce	UBS Group
Marvell Technology	Ball
Morgan Stanley	Reckitt Benckiser Group

During the first half of 2024, we had 3 new initiations and 3 eliminations.

We initiated a position in Salesforce, the global leader in front-office applications and a platform addressing many of enterprises' top digital transformation needs. We believe there are few pillars which are key to our investment thesis – operational discipline, AI opportunity, current macro and capital allocation. About two years ago, the company started its pivot from a focus on growth-only towards operational discipline. This could lead to a more predictable revenue and free cash flow (FCF) growth trajectory, that in turn forms the basis of a better valuation. Also, the company has started to see good traction with Data Cloud and its GenAI platform Einstein-1 though it's still premature. We would expect most of the AI benefit to be seen in the 2026 financial year. Moreover, we believe the company is maturing with a better capital allocation and disciplined Mergers & Acquisitions ('M&A')

We initiated a position in Marvell Technology, the developer and producer of semiconductor and related technology. The company offers security and networking platform, secure data processing, networking and storage solutions. We believe there are few key pillars to our investment thesis – AI opportunity, market leading optics franchise, auto ethernet and financial profile. The company has bagged design wins from large hyperscalers (Amazon.com, Microsoft, Google), which should see volume ramp in the calendar year 2024/25 with continuing growth post calendar year 2025 as the Application Specific Integrated Circuit ('ASIC') market continues to grow. Also, Marvell Technology is the leading player in electro-optics, and believe they could see strong volume & ASP growth driven by continuing AI server deployments & higher bandwidth products respectively. Moreover, as cars move to electrical/electronic architecture, we believe Marvel Technology is well positioned to drive strong growth in their auto revenues as they have design-wins at majority of top 10 Original Equipment Manufacturers. Lastly, the company's revenue growth is expected to be ~20% in the next few years, largely driven by Datacenter growth while margin is expected to improve from high-20s to high-30s driving high-20s earnings per share ('EPS') growth.

Our last initiation was Morgan Stanley, the US based global provider of diversified financial services, as we still like the wealth management industry's characteristics and want exposure to capital markets recovery. Morgan Stanley is the largest wealth manager globally with $5.5 trillion in assets under management ('AUM'). It acquired Solium in 2019 and E*Trade in 2020 to bolster its presence in wealth management and expand its reach in retail and workplace channel. In asset management, it has gained scale, and through acquisition of Eaton Vance in 2021, it has become one of the top US asset managers with $1.5 trillion in AUM. These acquisitions and expansion in channels have helped Morgan Stanley to improve its returns to low-mid teens. Also, we expect Morgan Stanley to continue seeing inflows in mid-high single digit driven by market share gains, leveraging workplace and retail channel through acquisition of Solium and E*Trade. Moreover, As a result of acquisitions, Morgan Stanley has increased the proportion of wealth management (50%) and investment management (10%) in revenues mix. Given the capital light nature of wealth management and investment management, it should help in higher capital generation and thus, distribution of capital to shareholders.

*Source: Goldman Sachs Asset Management.

Investment Manager's report (continued)

Investment activities (continued)*

Initiations and eliminations of positions in the first six months of 2024 (continued)

Moving to exits, we sold out of UBS Group, the Switzerland based multinational bank and financial services company, after a very strong run. We're putting the money in Morgan Stanley, maintaining exposure to the attractive wealth management industry, but with more exposure to the US, and the cyclical recovery in capital markets activities. Even though we still like the wealth management industry's characteristics of superior growth, attractive margins, low capital intensity and strong cash flow generation, we consider that UBS' prospects are now well reflected in its valuation. We are also concerned that the Swiss authorities announced plans to increase UBS' capital requirements due to its size, are likely to curtail capital returns in the near term and reduce return on equity expectations longer term.

We decided to sell out of our position in Ball, the global leader in innovative, sustainable metal packaging for beverage, personal care and household products, due to changed conviction. During the recently held company's Investor day, it lowered its guidance on beverage can shipment CAGR and EPS Growth to a low-single digit growth vs mid-single digits which was initially expected. We believe this is not justified considering its current valuations and had trimmed our exposure while we continued to assess. We now believe the conviction has changed given there is lower demand expectations for global beverage can, driven by low growth range in both North American and European, Middle Eastern and African regions. Given the relatively slower growth expectations and the demand environment, we decided to sell out of the position and allocate capital elsewhere.

Lastly, we sold out of our position in Reckitt Benckiser Group after the company registered a decline in volume growth and margin contraction and guidance also came in below expectations. While we expect earnings to show signs of troughing, we believe that Reckitt's earnings growth visibility is fading.

Initiations and eliminations of positions in the second six months of 2023:

Global Equity Partners Trade Highlights July 2023 to December 2024	
New positions	Eliminated positions
TotalEnergies	Burlington Stores
Estée Lauder	InterContinental Hotels Group
	Veralto

During the period, we initiated 2 new positions and completely eliminated 3 positions. We initiated a position in TotalEnergies, the French energy company. We believe the business offers an attractive exposure to cash generation from traditional energy assets, in addition to growth prospects via the energy transition business. We expect the traditional energy markets to remain tightly supplied due to historical underinvestment in production capacity, which could help disciplined producers benefiting from consolidation in the industry. TotalEnergies should continue to generate attractive free cashflow from its upstream operations, which represent about half of its business. The cash generated in the traditional business is expected to continue to be reinvested, in a disciplined way, into their Integrated liquefied natural gas business (20% of the group) and their renewable activities (7% of the group), which will offer accelerated growth via exposure to the energy transition. Management has also showcased discipline in capital allocation decisions and have committed to lowering carbon activities by 2030. Trading at attractive valuations, we believe that the stock offers compelling value long term, as well as risk mitigation for the portfolio at a time of heightened geopolitical uncertainty.

Also, we initiated a position in Estée Lauder, the global beauty company. After a significant drop since the beginning of 2022, we believe the shares are now trading at a level similar to 5 years ago and offer an attractive entry point into a leader in structurally growing market. The company generates about 50% of its sales in skin care, 30% in makeup, 15% in fragrance and 5% in hair care. By geography, the US represents about 30% of sales, Europe, the Middle East and Africa 40% and Asia 30%, thus, giving a good diversification of income. Although Estée Lauder's global market share in the prestige beauty category has been stable over the past 10 years, it has faced some pressure in the US. This was mainly due to the over-exposure in the department stores distribution channel (particularly via its namesake and Clinique brands), which has generally faced significant disruption and floor space reduction due to consumers preferences for other formats. We believe this loss of market share has finally stabilized thanks to Estée Lauder's success in its shift towards more dynamic distribution channels (specialty retailers and online), more digital presence to reach younger consumers and a repositioning of its brands (more on-trend or more science based). We have been encouraged by the rebound in sales in the calendar quarter three to mid-single digit growth in the US, including positive growth at the Estée Lauder brand, and expect this trend to continue.

*Source: Goldman Sachs Asset Management.

Investment Manager's report (continued)

Investment activities (continued)*

Initiations and eliminations of positions in the second six months of 2023 (continued)

On the other hand, we eliminated our position in Burlington Stores, the US-based off-price retailer. Although the broader off-price industry has exhibited attractive financial characteristics over the years (consistent growth and countercyclicality), Burlington Stores has underperformed its peers. Its historical positioning towards lower-income consumers with no-frills stores has prevented it from capturing market share among middle-income consumers downtrading over the past couple of years, while its core customer base has felt the pinch from higher inflation. Additionally, disappointing execution in a challenging market for clothes retailers, including fast-changing demand dynamics post Covid-19 has hurt the management's credibility and led to further earnings downgrades. Although recent developments are going in the right direction with the acquisition of well-located sites of Bed Bath & Beyond and investments in technology, we expect the improvement in performance to take an extended period of time in a weak economic backdrop for consumer demand. As a result, we prefer to reallocate the capital to higher conviction names.

We sold out of our position in Veralto, the environmental and applied science solutions company created after a spin-off by Danaher. While the company stands to generate modest growth over the long term, we remain more bullish on the parent's diversified business model and competitive advantages. As such, we preferred to reallocate the capital.

We also sold out of our position in InterContinental Hotels Group, which operates a predominantly franchised hotel network, to book profits after strong share price performance in the year to date period. While we continue to have conviction in the investment cases, we are selling out of our position due to valuation considerations. We expect InterContinental Hotels Group to continue to benefit from consumers' move from unbranded to branded hotels, as small independent hotels struggle to compete and see the benefits of belonging on a branded hotel network, which include scaled negotiations, IT infrastructure, pulled marketing etc. The company has a disciplined management team focused on returning excess cash to shareholders.

Top contributors and detractors*

Top contributors to portfolio performance in July 2024:

DSM-Firmenich, the Dutch company operating in the fields of health and personal care chemicals, was the biggest contributor to relative returns during the month. The stock outperformed on the back of strong second quarter earnings, as the company saw a significant improvement in financial results and a strong growth in their perfumery and beauty segment. The company achieved a 7% volume-driven organic growth, and all segments experienced a substantial year-on-year earnings before interest taxes, depreciation and amortization margin expansion. Management has upgraded their full-year outlook, citing positive momentum across their divisions and a recovering vitamin market, which benefits their animal nutrition & health segment. We remain optimistic about DSM-Firmenich, as the company remains to be a preferred name in the ingredients space. Over the long term, we believe that DSM-Firmenich could continue to benefit from global transition towards sustainable consumption, environmentally friendly practices and overall growth in the end markets served.

Ferguson, the US-based provider of plumbing and heating, ventilation and air conditioning products, was another key contributor to relative returns during the period. The stock recovered from its underperformance in June, after posting in-line results and softer outlook in their earnings update. The bounce back in stock price was driven by sentiment around potential interest rate cuts in the US, which would be favourable to Ferguson, given its exposure to the US residential-end market. We like the company and expect them to continue growing at a faster pace than broader markets, supported by consistent management execution.

Top detractors to portfolio performance in July 2024:

Hexagon, Swedish technology company specializing in hardware and software services, was the largest detractor from relative returns during the period. The share prices declined on the back of mixed earnings, with revenues coming behind consensus expectations. While Hexagon continued to execute well on its product portfolio & cost structure, end-markets have remained weak, particularly in construction and auto, adding to the detraction. However, despite revenue growth headwinds, the company delivered strong margins and free cash flow. We continue to like the company with its growing software mix, and steadily improving margins and cash flow generation. We expect strong Research and Development ('R&D') and complementary M&A to continue to drive change in the business sales mix, one where the software business with its recurring revenues accounts for a greater share of sales, ultimately driving margin expansion. A leader within its industry, with exposure to structural growth trends like automation across a broad range of industries, we believe the company is poised for long-term growth.

*Source: Goldman Sachs Asset Management.

Investment Manager's report (continued)

Top contributors and detractors (continued)*

Top detractors to portfolio performance in July 2024 (continued)

Microsoft, the American multinational technology company, was another key detractor from returns during the month. The company reported a slight beat, but key metrics (Azure, Office) came in-line with expectations. Moreover, July proved to be a volatile month with investors shifting away from large-cap technology related stocks worldwide, in favour of more discounted small-cap stocks given the sentiment around the potential interest rate cuts. Despite the recent rotation, we continue to like Microsoft given its strong fundamentals, attractive long-term structural growth characteristics of both, dominant software and cloud business models.

Top contributors to portfolio performance in first six months of 2024:

Taiwan Semiconductor Manufacturing ADR, the Taiwan based manufacturer of semiconductors, was the biggest contributor to relative returns during the first half of 2024. The stock generated positive returns during the period on the back of solid earnings, and positive news flow on customer demand, capacity utilization and increased pricing. Also, customer demand growth continues to remain strong, driven by resilient demand in Datacenter (AI investments in graphics processor units and ASICs) and recovery in consumer end markets. Moreover, Taiwan Semiconductor Manufacturing ADR also noted that they would be increasing its wafer prices for advanced nodes starting next year (calendar year 2025) to better capture the value being provided to its customers, which we believe should further increase topline growth as well as gross margins. We also believe that the company would retain its competitive advantages over long time period as few of its peers can afford to build factories that would give them the ability to compete for the company's clients.

Boston Scientific, the US-based medical technology company, was another contributor to relative returns during the period. The share price has seen a constant rise in the year to date period on the back of good earnings and positive up-tick from the revised full year outlook. Moreover, they are currently in the midst of a very active and successful innovation cycle, which is driving the top line to peer leading levels. We expect the innovation pipeline to drive growth for years to come. We like the company for its simple-yet-critical healthcare staples like catheters and implantable medical devices like pacemakers. We remain invested in the company due to their category leadership positions, innovative pipeline, strong commercial execution, enhanced digital capabilities and ongoing expansion into the higher growth emerging markets.

Alphabet 'A', the American multinational technology company was another to relative returns contributor during the period. The stock outperformed on the back of a strong earnings release attractive performance across different businesses (Search Engine, YouTube, etc.). Moreover, the recent earnings release demonstrated a cost discipline keeping their performance on track despite incremental capex for AI. Additionally, the company also displayed shareholder friendliness through initiating dividend and boosted buybacks which helped with the positive sentiment for the stock. We continue to be invested in the company as we believe the company is on track to benefit from the increasing AI opportunities along with maintaining strength across business verticals.

Top detractors to portfolio performance in the first six months of 2024:

Estée Lauder was the largest detractor from relative returns in the year so far. We initiated this position in December 2023 after the shares had fallen by approximately 60%. The company reported good earnings with both sales and margins coming ahead of expectations. The European business, which includes the global travel retail business, grew by low-double digits. However, the downward revision in management guidance weighed on investor sentiments. The company has been facing post-pandemic inventory backlogs and weak China consumer demand for higher-end cosmetics. While these issues are transitory headwinds and we believe have limited impact in the long term, they are causing stock price volatility in the short term. We continue to like the company and stay convinced in our position.

Neste, the Finland-based oil refiner and renewable energy company was another key detractor during the period. The company reported good earnings during the period. However, guidance came below consensus expectations, negatively affecting investor sentiment. Additionally, we believe industry dynamics (supply/ demand and as a result pricing) have deteriorated, which in our view is a temporary phenomenon and not permanent. Both demand and supply are correcting and our expectation is that price per ton will get back towards $600+, which should offer significant upside to the stock. Moreover, we believe the stock is over penalized by the delay at their SAF (Sustainable Aviation Fuel) facility in Singapore. In our view, most big engineering projects face significant delays given the scale of these projects. And we believe Neste has a rather good track record here. We continue to see Neste as the leading player in the renewables fuel market and believe the company could expand its dominant market position in sustainable aviation fuel over the next 2-3 years. Having said that, we are closely monitoring the position and continuously testing our thesis.

*Source: Goldman Sachs Asset Management.

Investment Manager's report (continued)

Top contributors and detractors (continued)*

Top detractors to portfolio performance in the first six months of 2024 (continued)

NIKE, the American athletic footwear and apparel corporation company was another key detractor during the period. The company reported a weak fourth quarter driven by weakness in NIKE's North America segment and overall softness in NIKE's footwear sales. While EPS were stronger than expected, the guidance for the calendar year 2025 was lowered. 2025 revenues are expected to decline mid-single digit compared to consensus expectations of +1.5%. NIKE is currently embarking on a double transformation of its product portfolio and distribution model which is currently impacting its short-term operating results. We are monitoring and reviewing the stock closely as NIKE's changes to its channel shift strategy and reinvestments behind new innovations could create earnings volatility while NIKE repositions its business. As a result, we have kept our overall position size small.

Largest contributors to performance in the fourth quarter 2023:

American Tower, the US-based operator of telecommunications infrastructure, was the biggest contributor to relative returns during the period. The stock price saw stable growth post reporting better-than-expected earnings on the back of re-acceleration in organic tenant billing growth. Moreover, the company also raised its outlook and announced an agreement with MTN Nigeria to improve the wireless connectivity in the region through its African operations. This highlights American Tower's commitment to sustainability while expanding its presence in the African market. We continue to like the company as they continue to work with the three major cell phone carriers to get 5G capabilities more broadly available. The company is also expected to potentially benefit from their recent partnership with Qualcomm, which will see them install a new type of server to increase connectivity and resilience for its customers.

Hexagon was another key contributor to relative returns during the period. The company delivered strong results in a softer environment for construction and automation end-markets with topline beating consensus, while being in-line on margins. Growth was primarily driven by the introduction of new products and from stronger end-markets like mining, autonomy, power & energy offsetting weaker markets. We continue to like the company with its growing software mix, and steadily improving margins and cash flow generation. We expect strong research and development and complementary M&A to continue to drive change in the business sales mix, one where the software business with its recurring revenues accounts for a greater share of sales, ultimately driving margin expansion. A leader within its industry, with exposure to structural growth trends like automation across a broad range of industries, the company is poised for long-term growth.

Largest detractors to performance in the fourth quarter 2023:

Rentokil Initial, the UK-based provider of pest control and hygiene services, was the biggest detractor from relative returns during the period. The company posted weaker than expected earnings due to weakened North American pest control activity and a poor demand environment. While the business remained resilient with management reiterating full year guidance, macro-economic headwinds continued to weigh on investment sentiments. We believe that the company will continue to grow in the future, given the expected structural growth in the market, the growth in organic business and well-structured M&A strategy and the consolidation opportunity in the fragmented pest industry.

Danaher, the US-based life sciences and diagnostics company was another key detractor during the period. Despite reporting stronger than expected earnings, investor sentiments were weighed down by a downward guidance revision and industry wide headwinds. The conglomerate houses leading brands in demanding and attractive end-markets and has a diversified business. Over the long-term, we expect the company to benefit from multiple tailwinds including strong demand for bio-processing products, increasing efforts towards achievement of sustainability targets and rising need for new medical therapies and drugs. While Danaher stands to generate attractive organic growth given competitive positioning, we also remain bullish on the company's inorganic growth prospects which have historically helped the company boost competence and sales.

Top contributors to portfolio performance in the third quarter 2023:

UBS Group was the biggest contributor to returns during the period. The shares outperformed markets on the back of strong earnings, which allayed concerns around outflows form the Wealth Management division. The company also provided details around the Credit Suisse integration while letting go of the government's guarantee, improving market sentiments and confidence around the integration. We believe the acquisition presents an attractive opportunity for UBS from a longer-term perspective, providing additional scale in Growth Markets in Wealth Management. We continue to like UBS as they are one of the world's largest investment groups with a large range of strong businesses.

*Source: Goldman Sachs Asset Management.

Investment Manager's report (continued)

Top contributors and detractors (continued)*

Top contributors to portfolio performance in the third quarter 2023 (continued)

Intuit, US based provider of financial software and solutions, was another key contributor to portfolio returns during the period. The company outperformed markets post reporting strong quarterly results with all key metrics coming in ahead of consensus expectations. The company retains a leadership position in the domain of accounting tools in the US. Intuit has been working towards expanding the customer base internationally without a physical distribution network. Given the company's competitive positioning, we remain bullish on the company's long-term prospects.

Top detractors to portfolio performance in fourth quarter 2024

Hexagon was the leading detractor during the period. The company's share underperformed on the back of a broader correction in the industrial automation exposed group. Hexagon has also been in an investment phase as it is sees strong growth opportunities for its software products which is driving weakness in near term cash flows. This coupled together has impacted sentiments on the stock adding to the overall pressure. The company is poised for long-term growth, even though the automation sector can go through a cyclical downturn in the near future, Hexagon continues to see strong growth opportunities for its products which is driving current investments. A leader within its industry, we continue to like the company given their exposure to such structural growth trends like automation across a broad range of industries.

DSM-Firmenich was another key detractor during the period. The company's share underperformed markets during the month despite strong earnings, due to weakness in the animal nutrition and health segment, given soft demand. We continue to like the company as we believe the combined entity to be strong player within the fragrances and ingredients space, with competitive positioning in key attractive end-markets. We believe that the outlook for the combined entity remains strong and attractive. Over the long term, we believe that DSM-Firmenich could continue to benefit from global transition towards sustainable consumption, environmentally friendly practices and overall growth in the end markets served.

Investment strategy and outlook*

August 2024 started off on a turbulent note, with the US steering the course. The significant downside surprise in the July labour market report increased fears of a potential US recession resulting in cross-asset risk-off moves. In the first trading days of the month, the S&P 500 fell by 6.1%, the MSCI EAFE by 7.4%, the MSCI EM by 6.3% and the Topix by 20.3%. Meanwhile, rates rallied significantly with the yield on 10-year US treasuries dropping by 24 basis points ('bps'), on 10-year German bunds by 13bps, and on 10-year UK gilts by 14bps.

Since then, recession fears have steadily decreased. First, the latest US economic data do not suggest activity will contract imminently. In July, retail sales beat consensus expectations, and quarter 2 GDP was revised up driven by personal spending. Second, Fed Chairman Powell struck a dovish tone at Jackson Hole, signalling the Fed was ready to ease monetary policy and prevent any further deterioration in the labour market. This explicit backstop reassured markets that the Fed was ready to support economic activity.

As a result, most equity markets have recouped their losses. By the end of August 2024, the S&P 500 was up 2.4%, the MSCI EAFE by 3.3% and the MSCI EM by 1.6%, while the Topix was down by 2.9%. Meanwhile, the 10-year US Treasury yield and US dollar index (DXY) ended the month lower as markets priced in more policy rate cuts, reflecting lingering concerns about the economic outlook and a more dovish Fed. We expect the upcoming US data will further allay concerns about the US economy slipping into a recession and help to price out some cuts. If correct, this should support the US dollar as well as longer-term US treasury yields.

United States

The weak labour report for July and the triggering of the "Sahm Rule" rekindled recession fears in early August, pushing the market to price in a more aggressive easing cycle. Nevertheless, as we explained in a recent note a recession is not our base case and we expect the US economy will continue to expand in the months ahead. First, the recent rise in unemployment is being driven more by increased labour supply than layoffs. Second, other economic indicators such as muted layoffs, show the labour market remains relatively healthy. Third, other real-time recession indicators we follow have not triggered. And lastly, the Fed has ample room to lower policy rates if needed. With price pressures now broadly consistent with the 2% inflation target, we expect the Fed to start cutting interest rates by 25bps in September, followed by two additional cuts in November and December. Risks to our call are skewed towards more easing if upcoming labour market reports show further weakening; in line with Powell's latest Jackson Hole speech "we will do everything we can to support a strong labour market as we make further progress toward price stability".

*Source: Goldman Sachs Asset Management.

Investment Manager's report (continued)

Investment strategy and outlook (continued)*

United Kingdom

In the UK, recent activity data have surprised to the upside; second quarter GDP grew by 0.6% quarter-on-quarter ('QoQ'), the unemployment rate fell to 4.2%, while August PMIs edged up for the third consecutive month. Meanwhile, both wage and inflation data have continued to trend lower. The latest macroeconomic dynamics will be welcomed by the Bank of England and open the door to more cuts, albeit at a gradual pace. We expect one more cut this year to take place in November.

Europe

In the euro area, the latest activity indicators have been on the softer side, but performance has been uneven across sectors. Services activity remains in the driving seat, while the manufacturing sector still shows no sign of recovery. Divergences are also visible across countries, with the German economy contracting, while the periphery countries and France, due to the Paris Olympics, are beating expectations. Altogether, we continue to expect the euro area economy will grow in the second half of the year, albeit at a slower pace than initially expected. In August, inflation decelerated further driven by energy and core goods, while services inflation remained persistent. As such, we expect the European Central Bank to ease policy further this year, albeit at a quarterly pace; in September and December.

Asia

In Japan, the economy surprised to the upside and rebounded sharply in the second quarter of 2024 by 3.1% QoQ (saar). Growth was driven by domestic demand, while net exports were a small drag. The recovery in private consumption is an encouraging sign that higher wages are leading households to increase spending, which, combined with changes in the wage and price setting behaviour of firms, should help to lift services inflation towards the Bank of Japan's 2% target. Against this backdrop, we anticipate the Bank to hike rates again in December but acknowledge the risk that it slips into early 2025 depending on incoming data and market environment.

In China, the latest macroeconomic data point to a weak start of the third quarter despite pockets of improvements. Indeed, in July, some activity data fared better than expected; industrial production remained robust, and retail sales normalized from June’s level, while import growth picked up. Most of these improvements are, nevertheless, likely driven by temporary one-off factors such as tech-stockpiling (ahead of potential trade restrictions) and seasonal summer travel. All of which are expected to fade in the months ahead. As such, the overall picture of weak domestic demand and solid export growth remains intact. Additionally, the property sector still is in a challenging situation with depressed residential housing activity and ongoing decline in house prices. Altogether, the weak macroeconomic backdrop suggests more policy easing will be needed to ensure this year’s GDP growth target of about 5%. In July, the Politburo meeting pledged to accelerate local government special bond issuance, which could offer support to growth if confirmed.

Goldman Sachs International
11 September 2024

*Source: Goldman Sachs Asset Management.

Summary of portfolio changes

for the year ended 31 July 2024

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

Purchases:	Cost £
Microsoft	1,254,281
Estée Lauder	679,649
Morgan Stanley	637,021
Salesforce	611,781
TotalEnergies	587,885
Marvell Technology	428,368
Danaher	311,648
Alphabet 'A'	269,193
Hexagon	190,014
Rentokil Initial	183,223
AstraZeneca	138,888
NIKE	124,652
Keyence	105,348
Northern Trust	100,431
Accenture	84,072
Marsh & McLennan	62,545
Walt Disney	52,196
Amazon.com	11,400
American Tower	11,330
DSM-Firmenich	9,395

Sales:	Proceeds £
UBS Group	767,841
Ball	585,128
Intuit	544,151
Reckitt Benckiser Group	515,952
InterContinental Hotels Group	474,143
American Tower	435,734
Boston Scientific	354,894
Marsh & McLennan	317,533
Alphabet 'A'	303,753
Nidec	288,506
Burlington Stores	277,039
AstraZeneca	262,065
Taiwan Semiconductor Manufacturing ADR	261,572
NVIDIA	251,801
Walt Disney	220,658
Amazon.com	203,687
Ferguson	185,978
NIKE	183,072
Banco Bilbao Vizcaya Argentaria	177,589
Davide Campari-Milano	135,386

Portfolio statement

as at 31 July 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Equities 97.78% (96.69%)			
Equities - United Kingdom 9.27% (14.86%)			
Equities - incorporated in the United Kingdom 6.91% (12.27%)			
Industrials 2.89% (2.99%)			
Rentokil Initial	126,341	599,741	2.89
Consumer Discretionary 0.00% (2.27%)		-	-
Consumer Staples 0.00% (2.86%)		-	-
Health Care 4.02% (4.15%)			
AstraZeneca	6,742	833,446	4.02
Total equities - incorporated in the United Kingdom		1,433,187	6.91
Equities - incorporated outwith the United Kingdom 2.36% (2.59%)			
Industrials 2.36% (2.59%)			
Ferguson	2,838	488,987	2.36
Total equities - incorporated outwith the United Kingdom		488,987	2.36
Total equities - United Kingdom		1,922,174	9.27
Equities - Europe 18.55% (21.38%)			
Equities - Finland 0.97% (2.01%)			
Neste	12,713	200,334	0.97
Equities - France 2.68% (0.00%)			
TotalEnergies	10,545	555,056	2.68
Equities - Ireland 3.15% (3.09%)			
Accenture	2,541	654,217	3.15
Equities - Netherlands 1.17% (2.43%)			
Davide Campari-Milano	34,552	242,242	1.17
Equities - Spain 1.67% (1.94%)			
Banco Bilbao Vizcaya Argentaria	42,265	345,455	1.67
Equities - Sweden 2.94% (2.17%)			
Hexagon	77,373	610,106	2.94
Equities - Switzerland 5.97% (9.74%)			
DSM-Firmenich	8,463	841,309	4.06
Nestlé	5,021	395,765	1.91
Total equities - Switzerland		1,237,074	5.97
Total equities - Europe		3,844,484	18.55

Portfolio statement (continued)

as at 31 July 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Equities (continued)			
Equities - United States 61.67% (50.56%)			
Alphabet 'A'	8,422	1,124,245	5.42
Amazon.com	6,587	958,780	4.62
American Tower	3,406	583,961	2.82
Boston Scientific	10,670	613,476	2.96
Danaher	3,386	730,424	3.52
Estée Lauder	5,976	463,629	2.24
Intuit	922	464,219	2.24
Marsh & McLennan	2,557	443,078	2.14
Martin Marietta Materials	1,024	473,059	2.28
Marvell Technology	7,203	375,782	1.81
Microsoft	4,508	1,467,816	7.08
Morgan Stanley	8,230	661,245	3.19
NIKE	3,457	201,453	0.97
Northern Trust	6,667	459,986	2.22
NVIDIA	7,573	690,883	3.33
Procter & Gamble	6,115	765,440	3.69
S&P Global	1,751	660,267	3.18
Salesforce	3,172	638,944	3.08
Walt Disney	5,293	386,039	1.86
Waste Management	3,967	625,726	3.02
Total equities - United States		12,788,452	61.67
Equities - Japan 5.53% (7.38%)			
Hoya	5,801	566,868	2.73
Keyence	1,703	580,185	2.80
Total equities - Japan		1,147,053	5.53
Equities - Taiwan 2.76% (2.51%)			
Taiwan Semiconductor Manufacturing ADR	4,436	572,679	2.76
Total equities		20,274,842	97.78

Portfolio statement (continued)
as at 31 July 2024

Investment	Nominal value or holding	Market value £	% of total net assets
Forward currency contracts -0.31% (-0.61%)			
Sell euro	(€1,256,000)	(1,061,471)	
Buy UK sterling	£1,059,597	1,059,597	
Expiry date 17 October 2024		(1,874)	(0.01)
Sell Japanese yen	(¥112,656,000)	(589,430)	
Buy UK sterling	£566,477	566,477	
Expiry date 17 October 2024		(22,953)	(0.11)
Sell US dollar	($8,676,000)	(6,750,596)	
Buy UK sterling	£6,711,254	6,711,254	
Expiry date 17 October 2024		(39,342)	(0.19)
Total forward currency contracts		(64,169)	(0.31)
Investment assets		20,274,842	97.78
Investment liabilities		(64,169)	(0.31)
Portfolio of investments		20,210,673	97.47
Other net assets		524,237	2.53
Total net assets		20,734,910	100.00

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

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

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

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Risk and reward profile*

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

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

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

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

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

* As per the KIID published on 12 February 2024.

Comparative table

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

Accumulation units	2024 p	2023 p	2022 p
Change in net assets per unit			
Opening net asset value per unit	404.64	402.83	440.39
Return before operating charges	59.69	5.95	(33.07)
Operating charges	(4.60)	(4.14)	(4.49)
Return after operating charges *	55.09	1.81	(37.56)
Distributions^	(1.44)	(1.65)	(0.59)
Retained distributions on accumulation units^	1.44	1.65	0.59
Closing net asset value per unit	459.73	404.64	402.83
* after direct transaction costs of:	0.07	0.06	0.14
Performance			
Return after charges	13.61%	0.45%	(8.53%)
Other information			
Closing net asset value (£)	20,734,910	20,743,232	20,650,211
Closing number of units	4,510,196	5,126,338	5,126,338
Operating charges^^	1.08%	1.08%	1.04%
Direct transaction costs	0.02%	0.02%	0.03%
Published prices			
Highest offer unit price	467.1	415.1	473.9
Lowest bid unit price	371.2	342.6	360.9

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

^ Rounded to 2 decimal places.

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

Financial statements - The Securities Fund

Statement of total return
for the year ended 31 July 2024

	Notes	2024		2023	
		£	£	£	£
Income:					
Net capital gains	2		2,424,768		8,462
Revenue	3	309,538		319,564	
Expenses	4	(205,996)		(203,365)	
Net revenue before taxation		103,542		116,199	
Taxation	5	(36,630)		(31,640)	
Net revenue after taxation			66,912		84,559
Total return before distributions			2,491,680		93,021
Distributions	6		(66,925)		(84,533)
Change in unitholders' funds from investment activities			2,424,755		8,488

Statement of change in unitholders' funds
for the year ended 31 July 2024

	2024	2023
	£	£
Opening net assets	20,743,232	20,650,211
Amounts payable on cancellation of units	(2,498,024)	-
Change in unitholders' funds from investment activities	2,424,755	8,488
Retained distributions on accumulation units	64,947	84,533
Closing net assets	20,734,910	20,743,232

Balance sheet

as at 31 July 2024

	Notes	2024	2023
		£	£
Assets:			
Fixed assets:			
Investments		20,274,842	20,070,541
Current assets:			
Debtors	7	34,483	450,774
Cash and bank balances	8	555,642	956,956
Total assets		20,864,967	21,478,271
Liabilities:			
Investment liabilities		(64,169)	(140,262)
Creditors:			
Bank overdrafts	8	(549)	-
Other creditors	9	(65,339)	(594,777)
Total liabilities		(130,057)	(735,039)
Net assets		20,734,910	20,743,232
Unitholders' funds		20,734,910	20,743,232

Notes to the financial statements
for the year ended 31 July 2024

1. Accounting policies

   The accounting policies are disclosed on pages 13 and 14.

2. Net capital gains

	2024	2023
	£	£
Non-derivative securities - realised gains / (losses)	1,220,873	(8,107)
Non-derivative securities - movement in unrealised gains / (losses)	1,145,324	(264,876)
Currency (losses) / gains	(6,122)	152,636
Forward currency contracts gains	72,761	136,143
Transaction charges	(8,068)	(7,334)
Total net capital gains	2,424,768	8,462

3. Revenue

	2024	2023
	£	£
UK revenue	38,086	71,981
Overseas revenue	264,625	240,533
Bank and deposit interest	6,827	7,050
Total revenue	309,538	319,564

4. Expenses

	2024	2023
	£	£
Payable to the Manager and associates		
Manager's periodic charge*	33,037	33,000
Investment Manager's fee*	151,543	150,322
	184,580	183,322
Payable to the Trustee		
Trustee fees	9,010	9,000
Other expenses:		
Audit fee	8,700	7,632
Non-executive directors' fees	1,807	1,668
Safe custody fees	1,449	1,259
Bank interest	124	120
FCA fee	98	219
KIID production fee	228	145
	12,406	11,043
Total expenses	205,996	203,365

* The annual management charge is 0.94% and includes the Manager's periodic charge and the Investment Manager's fees.

5. Taxation

	2024	2023
	£	£
a. Analysis of the tax charge for the year		
Overseas tax withheld	36,630	31,640
Total taxation (note 5b)	36,630	31,640

b. Factors affecting the tax charge for the year

The tax assessed for the year is higher (2023: higher) 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	103,542	116,199
Corporation tax @ 20%	20,708	23,240
Effects of:		
UK revenue	(7,617)	(14,396)
Overseas revenue	(49,421)	(44,293)
Overseas tax withheld	36,630	31,640
Excess management expenses	36,330	35,449
Total taxation (note 5a)	36,630	31,640

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 £440,182 (2023: £403,852).

6. Distributions

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

	2024	2023
	£	£
Final accumulation distribution	64,947	84,533
Equalisation:		
Amounts deducted on cancellation of units	1,978	-
Total net distributions	66,925	84,533

Reconciliation between net revenue and distributions:

	2024	2023
Net revenue after taxation per Statement of total return	66,912	84,559
Undistributed revenue brought forward	33	7
Undistributed revenue carried forward	(20)	(33)
Distributions	66,925	84,533

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

Notes to the financial statements (continued)

for the year ended 31 July 2024

7. Debtors

	2024	2023
	£	£
Sales awaiting settlement	-	422,446
Accrued revenue	13,042	11,344
Recoverable overseas withholding tax	21,343	16,984
Prepaid expenses	98	-
Total debtors	34,483	450,774

8. Cash and bank balances

	2024	2023
	£	£
Bank balances	555,642	956,956
Bank overdraft	(549)	-
Total cash and bank balances	555,093	956,956

9. Other creditors

	2024	2023
	£	£
Purchases awaiting settlement	-	532,848
Currency trades outstanding	-	414
Accrued expenses:		
Payable to the Manager and associates		
Investment management fees	54,875	51,696
Other expenses:		
Safe custody fees	264	179
Audit fee	8,700	7,632
Non-executive directors' fees	960	1,576
FCA fee	44	79
KIID production fee	-	85
Transaction charges	496	268
	10,464	9,819
Total accrued expenses	65,339	61,515
Total other creditors	65,339	594,777

10. Commitments and contingent liabilities

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

11. Unit classes

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

	Accumulation units
Opening units in issue	5,126,338
Total units cancelled in the year	(616,142)
Closing units in issue	4,510,196

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

12. Related party transactions

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

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

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

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per accumulation unit has increased from 459.7p to 469.1p as at 18 October 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

14. Transaction costs

a Direct transaction costs

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

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

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

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

	Purchases before transaction costs	Commission		Taxes		Purchases after transaction costs
2024	£	£	%	£	%	£
Equities	5,891,719	3,254	0.06%	112	0.00%	5,895,085
Total	5,891,719	3,254	0.06%	112	0.00%	5,895,085

	Purchases before transaction costs	Commission		Taxes		Purchases after transaction costs
2023	£	£	%	£	%	£
Equities	6,013,268	2,313	0.04%	860	0.01%	6,016,441
Total	6,013,268	2,313	0.04%	860	0.01%	6,016,441

	Sales before transaction costs	Commission		Taxes		Sales after transaction costs
2024	£	£	%	£	%	£
Equities	8,035,889	(78)	0.00%	(5)	0.00%	8,035,806
Total	8,035,889	(78)	0.00%	(5)	0.00%	8,035,806

Notes to the financial statements (continued)

for the year ended 31 July 2024

14. Transaction costs (continued)

a Direct transaction costs (continued)

2023	Sales before transaction costs	Commission		Taxes		Sales after transaction costs
	£	£	%	£	%	£
Equities	5,553,641	(68)	0.00%	(14)	0.00%	5,553,559
Total	5,553,641	(68)	0.00%	(14)	0.00%	5,553,559

Capital events amount of £6,982 (2023: £4) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

Summary of direct transaction costs

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

2024	£	% of average net asset value
Commission	3,332	0.02%
Taxes	117	0.00%

2023	£	% of average net asset value
Commission	2,381	0.02%
Taxes	874	0.00%

15. Risk management policies

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

a Market risk

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

(i) Other price risk

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

The main element of the portfolio of investments which is exposed to this risk is equities which are disclosed in the Portfolio statement.

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

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

15. Risk management policies (continued)

a Market risk (continued)

(i) Other price risk (continued)

At 31 July 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 unitholders of the Fund would increase or decrease by approximately £1,013,742 (2023: £1,002,820).

(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:

2024	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
Euro	2,182,523	20,312	2,202,835
Japanese yen	1,124,100	-	1,124,100
Swedish krona	610,106	-	610,106
Swiss franc	395,765	-	395,765
US dollar	13,975,457	14,032	13,989,489
Total foreign currency exposure	18,287,951	34,344	18,322,295

2023	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
Danish krone	-	1,556	1,556
Euro	2,169,007	14,399	2,183,406
Japanese yen	1,531,125	-	1,531,125
Swedish krona	449,918	-	449,918
Swiss franc	1,173,816	-	1,173,816
US dollar	11,510,562	9,553	11,520,115
Total foreign currency exposure	16,834,428	25,508	16,859,936

At 31 July 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 unitholders of the Fund would increase or decrease by approximately £499,248 (2023: £354,591). Forward currency contracts are used to manage the portfolio exposure to currency movements.

15. Risk management policies (continued)

a Market risk (continued)

(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. The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. In the event of a change in interest rates, there would be no material impact upon the net assets of the Fund. The Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

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

There is no exposure to interest bearing securities at the balance sheet date.

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.

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

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.

c Liquidity risk

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

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

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

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

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

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

d Fair value of financial assets and financial liabilities

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

15. Risk management policies (continued)

d Fair value of financial assets and financial liabilities (continued)

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

Basis of valuation	Investment assets 2024 £	Investment liabilities 2024 £
Quoted prices	20,274,842	-
Observable market data	-	(64,169)
Unobservable data	-	-
	20,274,842	(64,169)

Basis of valuation	Investment assets 2023 £	Investment liabilities 2023 £
Quoted prices	20,056,396	-
Observable market data	14,145	(140,262)
Unobservable data	-	-
	20,070,541	(140,262)

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

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

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

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

15. Risk management policies (continued)

f Derivatives (continued)

(i) Counterparties

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

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

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

(ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental 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 the global exposure is as follows:

	Gross exposure value £	% of the total net asset value
Investment		
Forward Currency Contracts		
Value of short position - euro	1,061,471	5.12%
Value of short position - Japanese yen	589,430	2.84%
Value of short position - US dollar	6,750,596	32.56%

There have been no collateral arrangements in the year.

Distribution table

for the year ended 31 July 2024

Final distribution in pence per unit

Group 1 - Units purchased before 1 August 2023

Group 2 - Units purchased 1 August 2023 to 31 July 2024

	Net revenue	Equalisation	Total distribution 26 September 2024	Total distribution 28 September 2023
Accumulation				
Group 1	1.440	-	1.440	1.649
Group 2	-	1.440	1.440	1.649

Equalisation

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

Accumulation distributions

Holders of accumulation units should add the distributions received thereon to the cost of the units for capital gains tax purposes.

Remuneration

Remuneration code disclosure

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

Remuneration committee

The remuneration committee report contained in the Group Report and Financial Statements for the year ended 31 December 2023 includes details on the remuneration policy. The remuneration committee comprises five non-executive directors[1] 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.

[1] 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				
	Fixed	Variable Cash	Variable Equity	Total	No. MRTs
	£'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 Manager

The Manager has appointed Goldman Sachs International to provide investment management and related advisory services to the Manager. The Investment Manager is paid a monthly fee out of the scheme property of The Securities Fund ('the Fund') which is calculated on the total value of the portfolio of investments at the month end. The Investment Manager is compliant with the Capital Requirements Directive regarding remuneration and therefore their staff are covered by remuneration regulatory requirements.

Further information

Distributions and reporting dates

Where net revenue is available it will be allocated annually on two clear business days before 30 September (final). In the event of a distribution, unitholders will receive a tax voucher.

XD dates:	1 August	final
Reporting dates:	31 July	annual
	31 January	interim

Buying and selling units

The property of the Fund is valued at 5pm every Friday and the last business day of the month, and prices of units are calculated as at this time. Where either or both are not business days, the Fund will be valued on the previous business day. Unit dealing is on a forward basis i.e. investors can buy and sell units at the next valuation point following receipt of the order.

Prices of units and the estimated yield of the Fund are published on the following website: www.trustnet.com or may be obtained by calling 0141 222 1151.

Benchmark

Unitholders may compare the performance of the Fund against the IA Global sector.

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

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

Appointments

Manager and Registered office
Evelyn Partners Fund Solutions Limited
45 Gresham Street
London EC2V 7BG
Telephone: 0207 131 4000
Authorised and regulated by the Financial Conduct Authority

Administrator and Registrar
Evelyn Partners Fund Solutions Limited
177 Bothwell Street
Glasgow G2 7ER
Telephone: 0141 222 1151 (Registration)
0141 222 1150 (Dealing)
Authorised and regulated by the Financial Conduct Authority

Directors of the Manager
Andrew Baddeley
Brian McLean
Mayank Prakash
Neil Coxhead

Independent Non-Executive Directors of the Manager
Dean Buckley
Linda Robinson
Victoria Muir
Sally Macdonald

Non-Executive Directors of the Manager
Guy Swarbreck - appointed 21 August 2023

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