



## **YFS Knox Global Balanced Fund**

Annual Report including long form financial statements  
for the year ended 31 August 2022

## Contents

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<b>Authorised status</b>	<b>2</b>
<b>Fund information</b>	<b>2</b>
<b>Investment manager's report</b>	<b>4</b>
<b>Net asset value per income share, price record and comparative tables</b>	<b>5</b>
<b>Statement of the Authorised Corporate Director's responsibilities</b>	<b>6</b>
<b>Approval of the annual report by the Authorised Corporate Director (ACD)</b>	<b>6</b>
<b>Report of the Depositary</b>	<b>7</b>
<b>Independent auditor's report to the shareholders of YFS Knox Global Balanced Fund</b>	<b>8</b>
<b>Portfolio statement</b>	<b>11</b>
<b>Summary of major portfolio changes</b>	<b>14</b>
<b>Statement of total return</b>	<b>15</b>
<b>Statement of change in net assets attributable to shareholders</b>	<b>15</b>
<b>Balance sheet</b>	<b>16</b>
<b>Notes to the financial statements</b>	<b>17</b>
<b>Distribution table</b>	<b>27</b>
<b>General information</b>	<b>28</b>
<b>Directory</b>	<b>30</b>

## Authorised status

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YFS Knox Investment Funds ICVC (the 'Company') is an authorised umbrella investment company with variable capital (ICVC) under regulation 12 (Authorisation) of the Open- Ended Investment Companies Regulations 2001 and is managed in accordance with the Financial Conduct Authority's (FCA) Investment Funds Sourcebook (FUND) and Collective Investment Schemes Sourcebook (COLL). YFS Knox Global Balanced Fund (the 'Fund') is the only sub-fund currently available for investment and there may be other sub-funds of the umbrella company available in the future.

The individual sub-fund (the 'Fund') is a Non-UCITS retail scheme (NURS) which complies with the requirement of the FCA FUND and COLL, including the extended investment and borrowing powers in Chapter 5.

The Fund is a tax elected fund (TEF) which means that it meets the conditions set out in the TEF Regulations.

The Alternative Investment Fund Manager (AIFM) is responsible for managing the Fund (the Authorised Investment Fund (AIF)) and undertakes risk management for the Fund, in accordance with the AIFM Directive, the Alternative Investment Fund Managers Regulations 2013 and the FCA Rules. This role is performed by the ACD, and references to the ACD in this Long Report include the AIFM as applicable.

Shareholders are not liable for the debts of the Company.

## Fund information

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### Investment objective and policy

The objective of the YFS Knox Global Balanced Fund is to seek to provide a balanced return between the provision of income and capital growth.

The investment policy by which the YFS Knox Global Balanced Fund will seek to achieve its objective is to invest mainly (at least 50%) in a diversified global portfolio of transferable securities (including, but not limited to, equities and bonds (both corporate and government debt securities)). The Fund may also invest in collective investment schemes ('CIS') (both regulated and unregulated structures), warrants, money market instruments, cash, near cash and deposits subject to the limits in the Prospectus. The Fund may borrow and may enter into underwriting arrangements as permitted in the Regulations. It is the ACD's intention that derivatives and forward currency transactions will only be used for the purposes of efficient portfolio management, including hedging.

The Fund is actively managed and has, with the exception of the above noted minimum, no limit to which it can be invested in each asset type, nor will emphasis be placed on a particular geographic, economic or industrial sector. The Portfolio Manager has full flexibility to adjust the proportion of the property of the Fund depending on their view of market conditions and the assets which it believes are most likely to achieve the Fund's investment objective. From time to time the liquidity of the Fund may be increased substantially if judged to be in the interests of Shareholders.

The Fund may invest in CIS which have different investment strategies or restrictions than the Fund, including the ability to invest in derivatives for investment purposes and to gain exposure to assets which are not expressly listed above. Investment in CIS will usually be limited to those which invest primarily in the assets listed above and without exception, CIS will only be held in so far as the rules permit the Fund to gain exposure to the assets held by those CIS.

A Glossary of Definitions which provides definitions to some of the technical language used in this document is available from [www.yealand.com/policies](http://www.yealand.com/policies).

### Comparator benchmark

To gauge the relative performance of the Fund, Shareholders may compare the Fund's performance against the Investment Association's Mixed Investment 20-60% Shares Sector. This is not a performance target nor constrains the way in which the Fund is managed. For further information on the Sector and its intended use, please refer to the Fund's Prospectus.

**Fund information**  
*continued*

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**Target market**

The YFS Knox Global Balanced Fund shall be marketed to professional and institutional investors. A typical investor in the YFS Knox Global Balanced Fund will be seeking a balanced return between the provision of income and capital growth, will be in a position to benefit from the tax elected nature of the Fund (in particular pension funds and charities) and will have received advice from an appropriately qualified financial adviser. The ACD considers that the YFS Knox Global Balanced Fund is particularly appropriate for tax exempt investors who might need to access their capital in the long term (5 years plus). The YFS Knox Global Balanced Fund is unlikely to be compatible with the requirements of an investor:

- looking for a guaranteed return; or
- seeking full capital protection; or
- who does not have sufficient resources to bear any loss resulting from the investment; or
- who is not able to evaluate the risks and merits of the Fund; or
- with a short-term (less than five years) investment horizon.

**Investment manager**

The investment manager of the Fund is Knox Capital Company Limited.

**Distribution**

All shareholders own net income shares, which entitle them to a share in any distribution made by the Fund. Normal distribution dates are 30 April and 31 October for income accrued as at end of February and 31 August respectively.

Future distributions may fluctuate depending on the mix of assets over any specific reporting period.

**Annual management charge (AMC)**

The AMC is the greater of 0.19% of the NAV of the Fund and a minimum charge of £46,120\*, plus 1.50% per annum of the NAV of the Fund.

\*The AMC may be increased on 1 January each year by the increase in the Retail Prices Index over the preceding twelve months.

## Investment manager's report for the year ended 31 August 2022

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In our interim report at the end February this year, we wrote about the previous six months as being a period of 'critical transition'. As we look back now at the year ending August 2022, the transition, at least in central banking terms, is complete. It is hard to believe now that as late as November 2021 the Federal Reserve (Fed) meeting spoke of: "The path of the economy continues to depend on the course of the virus. Progress on vaccinations and an easing of supply constraints are expected to support continued gains in economic activity and employment as well as a reduction in inflation. Risks to the economic outlook remain."

Indeed, the narrative from the central banks was about inflationary pressures being transitory, and about exercising the necessary caution in tightening for fear of reawakening the deflationary fears which had been so recently put to bed.

The mood was already changing in early 2022. And once the economic impacts of Russia's invasion of Ukraine began to be felt, central banks began to employ very different language to deal with the inflation threat. In March 2022 the FED stated: "Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices, and broader price pressures." The FED subsequently raised rates and further stated that it "anticipates that ongoing increases in the target range will be appropriate."

Over the period the Fed raised rates in March, May, June and July for a total rise of some 2.25% and still appeared to be 'behind the curve'. Real rates, which had been at their lows early on the year, began to creep back from their very negative territory. The inflation genie was well and truly out of the bottle and the central banks were highly active after initially being somewhat sanguine.

Over the period, growth stocks have certainly suffered as one would expect as interest rates tracked higher. But many value stocks have also been out of favour. The Nasdaq Composite declined by over 20%, Shanghai was down 9.6%, but both the S+P and the FTSE100 suffered only modest falls. In truth, investors have found it hard to adjust to the change in market conditions. The overall downward trend in long term interest rates had been persisting for nearly four decades; for most people, an equity bear market against the backdrop of rising inflation is a totally unknown phenomenon.

As if that were not enough, bond prices in developed countries through the process of Quantitative Easing (QE) have been manipulated by central banks for over a decade, distorting the essential price discovery process. And now, against the backdrop of the highest inflation rates for decades, and as central banks slowly reverse their quantitative easing purchases, investors have the unenviable task of determining the appropriate level for yields.

Against the backdrop of severe constraints on Russian gas exports, energy prices have been strong with oil prices up some 28% over the period. The cost of gas and electricity has moved up very sharply and oil stocks have been reasonably firm. The Fund held, and still holds, a significant position in energy related stocks, and this has helped to offset the general market weakness.

Over the year ending August 2022, your Fund generated a total return of -2.2%. Gains in energy stocks were offset by weakness in technology related stocks. Overall the performance of China has been disappointing, beset as the country has seen persistent lockdowns due to COVID-19.

These are particularly uncertain times. Geopolitical tensions continue to rise, the war in Ukraine shows no sign of coming to an end soon, and inflation remains persistently high. We will continue to maintain elevated cash levels in the Fund and seek to redeploy capital when the risk/reward appears more favourable.

*Knox Capital Company Limited  
13 October 2022*

## Net asset value per income share, price record and comparative tables

### Change in net asset value per income share

All prices quoted are based on bid price

	Year ended 31 August 2022 p	Year ended 31 August 2021 p	Year ended 31 August 2020 p
<b>Opening net asset value per share</b>	<b>125.47</b>	<b>94.46</b>	<b>100.61</b>
Return before operating charges†	(0.43)	36.71	(0.84)
Operating charges	(2.31)	(2.24)	(2.04)
Return after operating charges†	<b>(2.74)</b>	<b>34.47</b>	<b>(2.88)</b>
Distributions on income shares			
Interim	(1.53)	(1.60)	(2.02)
Final	(1.96)	(1.86)	(1.25)
<b>Total distributions on income shares</b>	<b>(3.49)</b>	<b>(3.46)</b>	<b>(3.27)</b>
<b>Closing net asset value per share</b>	<b>119.24</b>	<b>125.47</b>	<b>94.46</b>
†after direct transaction costs of	0.21	0.35	0.25

### Performance

Return after operating charges	(2.2)%	36.5%	(2.9)%
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### Other information

Closing net asset value (NAV)	£16,605,820	£16,035,243	£11,652,545
Closing number of shares	13,925,579	12,779,570	12,336,135
Operating charges total	1.90%	1.96%	2.04%
Direct transaction costs	0.17%	0.30%	0.24%

### Prices (p)

Highest	127.40	127.10	113.80
Lowest	116.10	92.89	83.10

### NURS-KII risk and reward profile

The numerical risk and reward indicator as published in the latest Non-UCITS Retail Scheme Key Investor Information (NURS-KII) document is in category 5 (2021: category 5).

The share class is ranked in risk category 5 as its price has experience above average rises and falls historically.

For further information on the Fund's risk and reward profile and other information to the Fund, please refer to the most up to date NURS-KII which is available at [www.yealand.com](http://www.yealand.com).

### Value assessment report

We are required to undertake a formal review of the Fund in order to assess the value which Shareholders are receiving from their investments. This assessment considers elements such as the fees which are paid, the quality of services provided and the investment performance obtained. We are required to publish a report which summarises the outcome of the review and, if relevant, to take steps to address any instances of poor value. We publish a single value assessment report covering all our funds by 31 January each year. Copies of these reports can be obtained from <https://yealand.com/policies/>.

## Statement of the Authorised Corporate Director's responsibilities

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The Collective Investment Schemes Sourcebook published by the FCA, ('the COLL Rules') require the Authorised Corporate Director ('ACD') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund and of the net income and net gains or losses on the property of the Fund for the period.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Fund and its sub-funds' 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 Fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Fund in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

## Approval of the annual report by the Authorised Corporate Director (ACD)

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In accordance with the requirements of a NURS which complies with the FCA FUND and COLL Sourcebooks and in accordance with COLL 4.5.8B R, I hereby approve the report on behalf of Yealand Fund Services Limited for the year ended 31 August 2022.

*Rob Leedham*  
*On behalf of Yealand Fund Services Limited,*  
*the Authorised Corporate Director*  
*31 October 2022*

## Statement of the Depositary's responsibilities and report of the Depositary to the Shareholders of YFS Knox Global Balanced Fund (the 'Company') for the year ended 31 August 2022

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

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

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

The Depositary must ensure that:

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

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

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

- I. has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- II. has observed the investment and borrowing powers and restrictions applicable to the Company.

## Independent auditor's report to the shareholders of YFS Knox Global Balanced Fund (the 'Fund')

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### Opinion

We have audited the financial statements of YFS Knox Global Balanced Fund ('the Fund'), for the year ending 31 August 2022 which comprise the Statement of change in net assets attributable to shareholders, the Balance sheet, the Statement of total return, the related notes and the Distribution tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Association (the 'Statement of Recommended Practice for Authorised Funds').

In our opinion the financial statements:

- give a true and fair view of the state of the Fund's affairs as at 31 August 2022 and of the net income and net capital losses on the property of the Fund for the year then ended;
- have been properly prepared in accordance with the Prospectus, the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority and United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund 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 ACD'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 Fund'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 ACD 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 ACD is responsible for the other information. 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. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Independent auditor's report to the shareholders of YFS Knox Global Balanced Fund (the 'Fund')

(continued)

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Fund Manager's report and the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Fund Manager's report and the ACD's report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we have not identified material misstatements in the Fund Manager's report or the ACD's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of ACD remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Authorised Corporate Director

As explained more fully in the ACD's responsibilities statement, the ACD 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 ACD 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 ACD is responsible for assessing the Fund'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 ACD either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

### Auditor's 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined the most significant are those that relate to the reporting framework (United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the IMA SORP 2014) and the relevant tax and other compliance regulations in the jurisdictions in which the Fund operates.
- We understood how the Fund is complying with those frameworks by making enquiries of management, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of relevant correspondence received from regulatory and legal bodies.

## Independent auditor's report to the shareholders of YFS Knox Global Balanced Fund (the 'Fund')

*(continued)*

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- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by enquiring with management during the planning and execution phase of our audit. We considered the programs and controls that the ACD has established to address risks identified, or that otherwise prevent, deter and detect fraud and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk including revenue recognition. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
  - Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of the finance team and management; and focused testing.

### **Use of our report**

This report is made solely to the shareholders of the Fund, as a body, in accordance with Rule 4.5.12 of the Collective Investment Scheme Sourcebook (COLL) of the Financial Conduct Authority (FCA). Our audit work has been undertaken so that we might state to the Fund's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Robert Wood (Senior Statutory Auditor)*  
*For and on behalf of*  
*Shipleys LLP*  
*Chartered Accountant and Statutory Auditor*  
*10 Orange Street*  
*Haymarket*  
*London*  
*WC2H 7DQ*  
*31 October 2022*

**Portfolio statement**  
as at 31 August 2022

Holding	Investment	Market value £'000	% of total net assets
<b>DEBT SECURITIES - 6.20% (3.80%)</b>			
<b>Sterling Denominated Bonds - 5.01% (0.00%)</b>			
450,000	Tullow Oil 10.25% 15/05/2026	357	2.15
275,000	UK Treasury Index Linked 0.125% 22/03/2068	475	2.86
		<u>832</u>	<u>5.01</u>
<b>Euro Denominated Bonds - 1.19% (3.80%)</b>			
250,000	Italy Buoni Poliennali Del Tesoro 0.1 Index linked 15/05/2033	197	1.19
<b>TOTAL DEBT SECURITIES</b>		<u><b>1,029</b></u>	<u><b>6.20</b></u>
<b>EQUITIES - 75.25% (80.57%)</b>			
<b>Asia &amp; Australasia - 0.00% (1.30%)</b>			
<b>South Korea - 0.00% (1.30%)</b>			
<b>Europe (ex UK) - 9.26% (6.91%)</b>			
<b>Channel Islands - 2.28% (5.51%)</b>			
350,000	GCP Infrastructure Investments Ltd	379	2.28
900,000	Raven Property Group	0	0.00
		<u>379</u>	<u>2.28</u>
<b>Finland - 1.07% (0.00%)</b>			
20,000	Fortum Oyj	177	1.07
<b>France - 1.08% (0.00%)</b>			
1,650	Air Liquide	179	1.08
<b>Netherlands - 4.83% (1.40%)</b>			
15,000	Prosus	802	4.83
<b>Russia - 0.00% (0.00%)</b>			
50,000	Gazprom PJSC ADR	0	0.00
<b>Total Europe (ex UK)</b>		<u><b>1,537</b></u>	<u><b>9.26</b></u>
<b>North America - 9.49% (7.25%)</b>			
<b>Canada - 0.79% (0.00%)</b>			
5,000	Wheaton Precious Metals	131	0.79
<b>Cayman Islands - 2.34% (0.89%)</b>			
25,000	Baidu	388	2.34
<b>United States - 6.36% (6.36%)</b>			
19,306	Catco Reinsurance Opportunities Fund	33	0.20
59,819	Catco Reinsurance Opportunities Fund 'C'	412	2.48
4,000	Franco Nevada	414	2.49
2,500	Royal Gold	198	1.19
		<u>1,057</u>	<u>6.36</u>
<b>Total North America</b>		<u><b>1,576</b></u>	<u><b>9.49</b></u>

**Portfolio statement**  
 as at 31 August 2022  
*continued*

Holding	Investment	Market value £'000	% of total net assets
<b>EQUITIES - 75.25% (80.57%) - continued</b>			
<b>United Kingdom - 56.50% (65.11%)</b>			
11,500	Anglo American	320	1.93
750,000	Arix Bioscience	870	5.24
150,000	Balfour Beatty	473	2.84
275,000	Barclays	452	2.72
225,000	BP	993	5.98
200,000	BT Group	301	1.82
350,000	Capricorn Energy	812	4.89
140,000	Draper Esprit	523	3.15
125,000	Fidelity China Special Situations	308	1.85
300,000	Galliford Try	468	2.82
500,000	IP Group	350	2.11
25,000	Johnson Matthey	504	3.03
232,142	NatWest Group	572	3.44
45,000	Scottish & Southern Energy	743	4.48
50,000	Shell	1,145	6.89
475,000	Vodafone	549	3.31
		<b>9,383</b>	<b>56.50</b>
	<b>TOTAL EQUITIES</b>	<b>12,496</b>	<b>75.25</b>
<b>COLLECTIVE INVESTMENT SCHEMES - 2.38% (3.88%)</b>			
<b>UK Gilts - 2.38% (2.16%)</b>			
7,500	WisdomTree Gilts 10Y 3x Daily Short	395	2.38
<b>Global Bonds - 0.00% (0.79%)</b>			
<b>North America - 0.00% (0.93%)</b>			
	<b>TOTAL COLLECTIVE INVESTMENT SCHEMES</b>	<b>395</b>	<b>2.38</b>
<b>FUTURES &amp; DERIVATIVES - -0.74% (1.02%)</b>			
<b>Currency Contracts - -0.74% (-0.13%)</b>			
\$2,000,000	Buy GBP vs Sell USD 04/011/2022	(123)	(0.74)
<b>Futures - 0.00% (1.15%)</b>			
	<b>TOTAL FUTURES &amp; DERIVATIVES</b>	<b>(123)</b>	<b>(0.74)</b>
<b>PRIVATE EQUITIES - 2.74% (3.24%)</b>			
<b>Channel Islands - 2.74% (3.24%)</b>			
500,000	GCP Asset Backed Income Fund Ltd	455	2.74
	<b>TOTAL PRIVATE EQUITIES</b>	<b>455</b>	<b>2.74</b>

**Portfolio statement**  
 as at 31 August 2022  
*continued*

	Market value £'000	% of total net assets
<b>Portfolio of investments</b>	<b>14,252</b>	<b>85.83</b>
<b>Net other assets</b>	<b>2,354</b>	<b>14.17</b>
<b>Net Assets</b>	<b>16,606</b>	<b>100.00</b>
	Market value £'000	% of Investments
Collective Investment Schemes	395	2.78
Debt Securities	1,029	7.21
Equities	12,496	87.68
Futures & Derivatives	(123)	(0.86)
Private Equities	455	3.19
<b>Portfolio of investments</b>	<b>14,252</b>	<b>100.00</b>

*Figures in brackets refer to the proportion of the Fund invested in the equivalent investments as at 31 August 2021.*

*All investments are in ordinary stocks and shares except where otherwise stated.*

*(Inc) relates to income shares/units.*

*(Acc) relates to accumulation shares/units.*

*\*The counterparty for forward currency contracts at the balance sheet date is RBC.*

## Summary of major portfolio changes

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### *The largest purchases and sales for the reporting period*

<b>Purchases</b>	<b>Cost £'000</b>	<b>Sales</b>	<b>Proceeds £'000</b>
Prosus	543	Catco Reinsurance Opportunities Fund	996
Capricorn Energy	529	Capricorn Energy	727
UK Treasury Index Linked 0.125% 22/03/2068	495	Stichting AK Rabobank 6.5% <i>Perpetual</i>	603
Balfour Beatty	385	NB Global Floating Rate	397
Tullow Oil 10.25% 15/05/2026	367	BHP Group	368
Molten Ventures	316	Travis Perkins	363
Fidelity China Special Situations	301	Galliford Try Holdings	360
Lloyds Banking Group	271	ProShares Ultrashort 20+ Year Treasury	337
Fortum Oyj	252	iPath Series B S&P 500 VIX Short-Term Futures ETN	298
Gazprom PJSC ADR	228	Lloyds Banking Group	255

**Statement of total return**  
 for the year ended 31 August 2022

		Year ended 31 August 2022		Year ended 31 August 2021	
	Note	£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	4		(563)		4,138
Revenue	6	502		460	
Expenses	7	(311)		(281)	
Interest payable and similar charges	9	-		-	
Net revenue before taxation		191		179	
Taxation	8	(6)		(4)	
Net revenue after taxation			185		175
Total return before distributions			(378)		4,313
Distributions	9		(473)		(435)
Change in net assets attributable to shareholders from investment activities			(851)		3,878

**Statement of change in net assets attributable to shareholders**  
 for the year ended 31 August 2022

	Year ended 31 August 2022	Year ended 31 August 2021
	£'000	£'000
Opening net assets attributable to shareholders	16,035	11,652
Amounts receivable on issue of shares	1,422	505
Change in net assets attributable to shareholders from investment activities (see above)	(851)	3,878
Closing net assets attributable to shareholders	16,606	16,035

**Balance sheet**  
 as at 31 August 2022

	Note	31 August 2022 £'000	31 August 2021 £'000
<b>Assets:</b>			
Investments		14,375	14,856
<b>Current assets:</b>			
Debtors	10	161	91
Cash and bank balances		2,588	1,377
		2,749	1,468
<b>Total assets</b>		<b>17,124</b>	<b>16,324</b>
<b>Liabilities:</b>			
Investment liabilities		(123)	(21)
<b>Provisions for liabilities:</b>			
Net distributions payable on income shares		(273)	(237)
Creditors	11	(122)	(30)
		(395)	(268)
<b>Total liabilities</b>		<b>(518)</b>	<b>(289)</b>
<b>Net assets attributable to shareholders</b>		<b>16,606</b>	<b>16,035</b>

## Notes to the financial statements

as at 31 August 2022

### 1. Accounting policies

#### A. Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by The Investment Association (IA) in May 2014, updated June 2017.

Where applicable a balance sheet item line is included for cash and cash equivalent investments. Whereby, representing highly liquid cash investments held in the base currency of the Fund, that are readily convertible to a known amount of cash, and are subject to an insignificant risk of change.

The ACD is confident that the Company will continue in operation for the foreseeable future. The Company has adequate financial resources and its assets consist of securities which are readily realisable. As such, the financial statements have been prepared on a going concern basis.

The base currency of the Company is Sterling and is taken to be the 'functional currency' of the Company.

#### B. Valuation of investments

Listed investments are valued at bid market value at 23:59 on the balance sheet date net of any accrued interest which is included in the balance sheet as an income related item. Collective investment schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single priced funds, on the last business day of the accounting period. Unlisted or suspended investments are valued by the Investment Manager taking into account, where appropriate, latest dealing prices, valuations from independent reliable sources, financial performance and other relevant factors.

#### C. Foreign exchange

Transactions in foreign currencies are recorded in Sterling at the rate ruling at the date of the transactions.

Assets and liabilities denominated in overseas currencies have been translated into Sterling at the rates of exchange ruling at 23:59 on the last business day of the accounting period. Exchange rate differences arising on the translation are recognised in the statement of total return for the year.

#### D. Financial derivative instruments

- I. Currency contracts and options - Spot and forward currency contracts and options are marked to market daily and the change in value is recorded as an unrealised gain or loss. Realised gains or losses, equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed, are recorded upon delivery or receipt of the currency or, if a spot or forward currency contract is offset by entering into another spot or forward currency contract with the same broker, upon settlement of the net gain or loss.
- II. Futures contracts - Futures contracts are marked to market daily and an appropriate gain or loss for the change in value ('variation margin') is recorded by the Fund as realised.
- III. Options - Options are marked to market daily and an appropriate gain or loss for the change in value ('variation margin') is recorded by the Fund as realised.
- IV. Efficient portfolio management - Where appropriate, certain permitted transactions such as derivatives or forward currency transactions are used for efficient management. Where such transactions are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in 'Revenue' or 'Expenses' in the statement of total return. Where such transactions are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net capital gains' in the statement of total return. Any positions on such transactions open at the period end are reflected in the balance sheet at their mark to market value.

#### E. Revenue

Dividends from quoted equity and non-equity shares are recognised net of attributable tax credits when the security is quoted ex-dividend. Overseas dividends received after the deduction of withholding tax are shown gross of taxation, with the taxation consequences shown within the tax charge. Dividends are recognised as either revenue or capital depending upon the nature and circumstances of the dividend receivable.

Revenue from unquoted equity investments is recognised when the dividend is declared.

## Notes to the financial statements

as at 31 August 2022

*continued*

### 1. Accounting policies - continued

#### E. Revenue - continued

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment and is treated as revenue. The effective yield basis amortises or accretes any discount or premium on the purchase of an investment over its remaining life based on estimated future cashflow. Any adjustments resulting from changes in cashflow estimates are treated as capital.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the scheme and does not form part of the distributable income. Deemed distributions and reportable income from offshore funds are calculated and are included in revenue. Rebates of annual management charges (AMC rebates) from underlying funds are accounted for on an accruals basis and are recognised as revenue or capital in line with the distribution policies of the underlying funds.

Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Fund is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares. The ordinary element of stocks received in lieu of cash dividends are recognised as revenue of the Fund. Any enhancement above the cash dividend is treated as capital. Interest on bank and other cash deposits is recognised on an accruals basis.

#### F. Expenses

For accounting purposes, all expenses (other than those relating to the purchase and sale of investments) are charged against revenue for the year on an accruals basis.

#### G. Taxation

Provision is made for corporation tax at the current rate on the excess of taxable revenue over allowable expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset.

Offshore income gains from funds, without reporting status, are liable to corporation tax at 20% and any resulting charge is deducted from capital.

#### H. Deferred taxation

Deferred taxation is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences regarded as permanent. Any liability to deferred taxation is provided for at the average rate of taxation expected to apply, based on tax rates substantially enacted by the balance sheet date.

A deferred tax asset is recognised to the extent that it is expected to be utilised, based on the likelihood of taxable profits arising in the next twelve month period from which the future reversal of timing differences could be deducted.

Deferred tax assets and liabilities are not discounted to reflect the time value of money, unless material.

### 2. Distribution policy

The Fund will distribute all revenue disclosed in the financial statements (less expenses and taxation) subject to an adjustment for other expenses deemed to be of a capital nature. Should expenses and taxation exceed revenue, there will be no distribution and the shortfall will be met from capital.

Income earned in an interim accounting period may not all be distributed immediately but retained and used to ensure that distributions paid throughout the year are broadly similar. This policy is known as 'smoothing'.

Interim distributions may be made at the ACD's discretion.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the Fund.

## Notes to the financial statements

as at 31 August 2022

*continued*

### 3. Risk management policies

In pursuing its investment objective the Fund holds a number of financial instruments. These comprise equity, fixed income securities, foreign currency contracts and cash.

Short-term debtors and creditors that arise directly from its operations are not considered financial instruments.

The main risks arising from the Fund's financial instruments are market price, currency and interest rate risks. The ACD reviews (and agrees with the Depositary) policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate.

Shares in the Fund should generally be regarded as long term investments.

- I. Market risk – Arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of adverse price movements. The ACD meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objective. The ACD has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.
- II. Foreign currency risk – A portion of the Fund's assets and income are denominated in currencies other than Sterling, which is the currency of shares in the Fund. The income and capital value of the Fund's investments can be significantly affected by foreign currency translation movements. The principal area where foreign currency risk could impact the Fund is movement in exchange rates affecting the value of investments. The ACD has the responsibility for monitoring the foreign currency risk of the Fund and does this by reviewing the underlying exposure to foreign currencies on the security holdings and cash positions. Where it is considered necessary the manager will use forward foreign currency contracts to reduce the risk to this underlying foreign currency exposure. The purpose of any forward foreign currency contract is to manage the currency risk arising from the Fund's investment activities. Open positions, which are all covered, are included in the net current assets attributable to shareholders as shown in the balance sheet. Numerical disclosure of the foreign currency risk profile is made in note 15 of the notes to the financial statements.
- III. Interest rate risk - The risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in the interest rate environment, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of income receivable from fixed interest securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Numerical disclosure of the interest rate risk profile is made in note 15 of the notes to the financial statements.
- IV. Liquidity risk – The Fund's assets comprise mainly readily realisable securities, which can be readily sold. The main liability of the Fund is the redemption of any shares that investors may wish to sell.
- V. Credit risk – Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its responsibilities.  
The Fund minimises this risk by conducting trades through reputable counter parties.
- VI. Fair value – There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

**Notes to the financial statements**

as at 31 August 2022

*continued*

	Year ended 31 August 2022 £'000	Year ended 31 August 2021 £'000		
<b>4 Net capital (losses)/gains</b>				
<b>The net capital (losses)/gains on investments during the period comprise:</b>				
Unrealised on derivatives b/fwd	(164)	(104)		
Unrealised on derivatives c/fwd	(123)	164		
Realised loss on derivatives	-	183		
Net (losses)/gains on derivative securities	<u>(287)</u>	<u>243</u>		
Unrealised on non-derivatives b/fwd	(1,271)	1,914		
Unrealised on non-derivatives c/fwd	741	1,271		
Realised on non-derivatives	420	768		
Net currency losses	(165)	(57)		
Net (losses)/gains on non-derivative securities	<u>(275)</u>	<u>3,896</u>		
Transaction charges	(1)	(1)		
<b>Net capital (losses)/gains on investments</b>	<u><u>(563)</u></u>	<u><u>4,138</u></u>		
<b>5 Portfolio Transaction costs</b>				
<b>Year ended 31 August 2022</b>				
	Net purchase cost £'000	Commissions paid £'000	Taxes £'000	Purchases before transaction costs £'000
<b>Analysis of purchases</b>				
			%	%
Collective investment schemes	158	-	-	-
Debt securities	1,175	2	0.17	-
Equities	4,470	6	0.13	0.27
Futures and derivatives	118	-	-	-
<b>Total purchases after commissions and tax</b>	<u><u>5,921</u></u>			
	Net sales proceeds £'000	Commissions paid £'000	Taxes £'000	Sales before transaction costs £'000
<b>Analysis of sales</b>				
			%	%
Collective investment schemes	746	1	0.13	-
Debt securities	603	1	0.17	-
Equities	4,402	3	0.07	-
Futures and derivatives	298	1	0.34	-
<b>Total sales after commissions and tax</b>	<u><u>6,049</u></u>			
Commission % of average NAV	0.09			
Taxes % of average NAV	0.08			

**Notes to the financial statements**

as at 31 August 2022

*continued*
**5 Portfolio Transaction costs - continued**

Year ended 31 August 2021

Analysis of purchases	Net purchase	Commissions		Taxes		Purchases
	cost	paid		%		%
	£'000	£'000	%	£'000	%	transaction
						costs
						£'000
Collective investment schemes	622	2	0.25	-	0.01	620
Debt securities	583	1	0.15	-	-	582
Equities	5,309	10	0.19	19	0.35	5,280
Futures and derivatives	267	1	0.20	-	0.02	266
<b>Total purchases after commissions and tax</b>	<b>6,781</b>					

Analysis of sales	Net sales	Commissions		Taxes		Sales before
	proceeds	paid		%		%
	£'000	£'000	%	£'000	%	costs
						£'000
Collective investment schemes	226	1	0.22	-	-	226
Debt securities	2,165	3	0.12	-	0.01	2,168
Equities	4,166	7	0.18	-	0.01	4,174
<b>Total sales after commissions and tax</b>	<b>6,557</b>					

Commission % of average NAV 0.16

Taxes % of average NAV 0.13

*Direct transaction costs are fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the Fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.*

**Portfolio dealing spread**

	31 August 2022	31 August 2021
Average portfolio spread	3.71%	1.28%

The average portfolio spread is the difference between the bid and offer prices of the weighted underlying investments, divided by the offer price expressed as a percentage.

	Year ended 31 August 2022 £'000	Year ended 31 August 2021 £'000
<b>6 Revenue</b>		
UK franked dividends	314	265
Non-taxable overseas dividends	125	100
Unfranked dividends	11	22
Interest on fixed interest securities	48	73
Bank interest	4	-
<b>Total revenue</b>	<b>502</b>	<b>460</b>

**Notes to the financial statements**

as at 31 August 2022

*continued*

	Year ended 31 August 2022 £'000	Year ended 31 August 2021 £'000
<b>7 Expenses</b>		
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
AMC periodic charge	289	260
Price publication fees	2	2
Registration fees	5	5
	<u>296</u>	<u>267</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary fees	6	6
Safe custody fees	1	1
	<u>7</u>	<u>7</u>
<b>Other expenses</b>		
Audit fees	7	7
Printing and publication costs	1	-
	<u>8</u>	<u>7</u>
<b>Total expenses</b>	<u>311</u>	<u>281</u>
<b>8 Taxation</b>		
<b>a. Analysis of the tax charge for the period</b>		
UK corporation tax	0	0
Overseas withholding tax	6	4
Current tax charge (note 8b)	6	4
<b>Total tax charge</b>	<u>6</u>	<u>4</u>
Corporation tax has been provided at a rate of 20%.		
<b>b. Factors affecting the tax charge for the period</b>		
Net revenue before taxation	<u>191</u>	<u>179</u>
<i>The tax charged for the period is lower than the standard 20% rate of corporation tax applicable to open ended investment companies (OEICs). The differences are explained below:</i>		
Corporation tax at 20% thereon (2021: 20%):	38	36
Effects of:		
UK franked investment income	(63)	(53)
Non-taxable overseas income	(25)	(20)
Interest distributions	(7)	(15)
Excess management expenses not utilised	(4)	(4)
Movement in excess management expenses	61	-
<b>UK corporation tax</b>	<u>0</u>	<u>0</u>
Overseas withholding tax	6	4
<b>Current tax charge for the period (note 8a)</b>	<u>6</u>	<u>4</u>

**Notes to the financial statements**

as at 31 August 2022

*continued*

	Year ended 31 August 2022 £'000	Year ended 31 August 2021 £'000
<b>9 Finance costs</b>		
The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:		
Interim distribution	211	200
Final distribution	273	237
Net distributions for the period	<u>484</u>	<u>437</u>
Deduct: Income received on issue of shares	(11)	(2)
<b>Net distribution for the period</b>	<u>473</u>	<u>435</u>
Interest	-	-
<b>Total finance costs</b>	<u><u>473</u></u>	<u><u>435</u></u>
Reconciliation of distribution:		
Net revenue after taxation	185	175
Add: Other capitalised charges	288	260
<b>Net distribution for the period</b>	<u><u>473</u></u>	<u><u>435</u></u>
<i>Details of the distribution per share are set out in the distribution table.</i>		
	<b>31 August 2022</b> £'000	<b>31 August 2021</b> £'000
<b>10 Debtors</b>		
Sales awaiting settlement	42	-
<i>Accrued income:</i>		
Franked income receivable	106	88
Unfranked interest receivable	12	2
<i>Pre-paid expenses:</i>		
Amounts pre-paid to the ACD, or associates of the ACD:		
Price publication fees	1	1
<b>Total debtors</b>	<u><u>161</u></u>	<u><u>91</u></u>
<b>11 Creditors</b>		
Purchases awaiting settlement	(88)	-
<i>Accrued expenses:</i>		
Amounts payable to the ACD, or associates of the ACD:		
AMC	(25)	(23)
Registration fee	(1)	-
Amounts payable to the Depositary, or associates of the Depositary:		
Depositary fee	(1)	-
<i>Other:</i>		
Audit fee	(7)	(7)
<b>Total creditors</b>	<u><u>(122)</u></u>	<u><u>(30)</u></u>

## Notes to the financial statements

as at 31 August 2022

*continued*

	<b>Year ended 31 August 2022</b>	
	<b>Shares</b>	
<b>12 Shareholders funds</b>		
The Fund has one share class, Income.		
Opening number of shares	12,779,570	
Issued	1,146,009	
<b>Closing number of shares</b>	<u>13,925,579</u>	
<b>13 Commitments, contingent liabilities and contingent assets</b>		
As at 31 August 2022 there were no outstanding contingent liabilities or commitments (2021: £nil).		
<b>14 Related parties</b>		
Yealand Fund Services Limited, is regarded as a controlling party by virtue of having the ability to act in concert in respect of the operations of the Fund.		
The aggregated monies received through creations and liquidations are disclosed in the statement of change in shareholders net assets, amounts due to/from Yealand Fund Services Limited in respect of share transactions at the year end are disclosed in notes 10 and 11.		
Management fees and registration fees payable to Yealand Fund Services Limited, are disclosed in note 7 and amounts due at the year end are disclosed in notes 10 and 11.		
A shareholder with a holding in excess of 20% of the value of the Company may be able to exercise significant influence over the financial and operating policies of the Company with reference to shareholders' voting rights at general meetings and as such is deemed to be a related party.		
Parties with an interest in excess of 20% of the Fund are as follows:		
	<b>Held at 31 August 2022</b>	<b>Held at 31 August 2021</b>
Standard Life Trustee Company Limited	44.49%	47.18%
Tower Pension Trustees Limited	44.49%	47.18%
<b>15 Financial instruments</b>		
The main risks from the Fund's holdings of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 3.		
Numerical disclosures relating to the Fund are as follows:		
	<b>31 August 2022</b>	<b>31 August 2021</b>
<b>Foreign currency risk</b>	<b>£'000</b>	<b>£'000</b>
Euro	1,355	840
Hong Kong dollar	388	143
United States dollar	(207)	288
	<u>1,536</u>	<u>1,271</u>
<b>Interest rate risk profile of financial assets and liabilities:</b>		
<b>Financial assets with fixed interest rates</b>		
United States dollar	357	-
<b>Financial assets with floating interest rates</b>		
Euro	197	609
United States dollar	28	150
Sterling	3,430	1,699
	<u>3,656</u>	<u>2,458</u>

**Notes to the financial statements**

as at 31 August 2022

*continued*

	31 August 2022 £'000	31 August 2021 £'000
<b>15 Financial instruments - continued</b>		
<b>Financial assets not carrying interest</b>		
Euro	1,158	232
Hong Kong dollar	388	143
United States dollar	1,217	1,592
Sterling	11,947	13,333
	<u>14,710</u>	<u>15,299</u>
<b>Financial liabilities not carrying interest</b>		
United States dollar	(1,809)	(1,454)
Sterling	(307)	(268)
	<u>(2,116)</u>	<u>(1,722)</u>
<b>Total assets and liabilities</b>		
Euro	1,355	840
Hong Kong dollar	388	143
United States dollar	(207)	288
Sterling	15,070	14,764
	<u>16,606</u>	<u>16,035</u>

The Fund's net cash holdings of £2,588,016 (2021: £1,376,816) are held in floating rate deposit accounts, whose rates are determined by the Bank of England base rate or other local interest rates as appropriate to the currency.

**Weighted average interest rate and period of financial assets with fixed rates, excluding cash and funds.**

	2022 %	2021 %	2022 Years	2021 Years
Sterling	10.25	-	3.71	-

**Benchmark rates of index-linked stocks**

The floating rate financial assets comprise variable rate securities, bank balances which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalents.

**Derivatives and other financial instruments**

Sensitivity analysis is not shown because the maximum exposure of derivatives is not significant to the Fund. Open positions at the balance sheet date, which are all covered, are included in the net current assets.

## Notes to the financial statements

as at 31 August 2022

continued

### 16 Fair value disclosure

Valuation technique	31 August 2022		31 August 2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	14,375	-	14,856	-
Level 2	-	(123)	-	(21)
Level 3	-	-	-	-
	<u>14,375</u>	<u>(123)</u>	<u>14,856</u>	<u>(21)</u>

Level 1. Fair value based on a quoted price for an identical instrument in an active market and generally will include quoted equities, some highly liquid bonds and exchange traded derivatives.

Level 2. Fair value based on the price of a recent transaction for an identical instrument and will generally include holdings in other schemes.

Level 3. Fair value based on a valuation technique that relies significantly on non-observable market data and will generally include unquoted private equities, property and other values not primarily derived from observable market data. Unlisted or suspended investments are valued by the Investment Manager taking into account, where appropriate, latest dealing prices, valuations from independent reliable sources and financial performance.

### 17 Alternative Investment Fund ('AIF') periodic disclosure

In accordance with the requirement of the Investment Funds Sourcebook (FUND) 3.2.6R, the ACD reports that the Fund may employ leverage or enter into derivative and forward transactions only for the purposes of Efficient Portfolio Management (EPM) as defined in the Regulations.

The maximum leverage permitted (FUND 3.2.2R(j)) does not exceed 10% borrowing of the total net asset value (NAV) plus any exposure to EPM. During the period this threshold was not exceeded nor have there been any changes to the leverage management of the Fund.

The ACD reports, as per requirement FUND 3.2.5R, there has been no change to the liquidity management during the period. At the reporting date the percentage of assets subject to special arrangements arising from their illiquid nature is 0% (2021: 0%) of the NAV.

#### Remuneration policy

Yealand Fund Services Limited rewards its staff fairly and appropriately for their contribution to the growth and success of the business and the provision of a high level of service to clients. The remuneration policy is designed to be consistent with, and promote, sound and effective risk management.

The remuneration of staff is reviewed annually, taking into account individual performance and market rates for the role being undertaken. Any bonus arrangement is also reviewed annually to ensure alignment with Yealand Fund Services Limited's aims of the growth and success of the business and the provision of a high level of service to clients. There is no direct link to investment performance and bonuses do not encourage excessive risk taking.

Remuneration: Year ended 31 December 2021	Number of staff	Fixed remuneration £'000	Variable remuneration £'000	Total remuneration £'000
Total remuneration	5	346	50	396
Senior management	2	217	28	245
Staff who have a material Impact on Funds' risk profile	3	71	12	83
Staff holding control functions	2	217	28	245

The staff members included in the above analysis support the entirety of the funds managed by the ACD. It is not considered feasible or useful to attempt to apportion these figures to individual funds. Details of the ACD's most recent remuneration policy, including a description of how remuneration and benefits are calculated and the identities of the persons responsible for awarding remuneration and benefits, are available at [www.yealand.com/important-information/](http://www.yealand.com/important-information/). A paper copy is available free of charge upon request.

### 18 Post balance sheet events

There were no material post balance sheet events which have a bearing on the understanding of the financial statements.

**Distribution table**  
 for the year ending 31 August 2022  
 in pence per share

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**Interim dividend**

Group 1 shares - Shares purchased prior to 1 September 2021

Group 2 shares - Shares purchased from 1 September 2021 to 28 February 2022

	Gross revenue	Equalisation	Paid on 29 April 2022	Paid on 30 April 2021
Group 1	1.5295	-	1.5295	1.5968
Group 2	0.5031	1.0264	1.5295	1.5968

*Income stream*

85.52% of the income distribution is received as dividend stream income.

100.00% of the dividend stream income is received as franked investment.

0.00% of the dividend stream income is received as an annual payment (non foreign element).

14.48% of the income distribution is received as non dividend income.

**Final dividend**

Group 1 shares - Shares purchased prior to 1 March 2022

Group 2 shares - Shares purchased from 1 March 2022 to 31 August 2022

	Net revenue	Equalisation	Payable on 31 October 2022	Paid on 29 October 2021
Group 1	1.9621	-	1.9621	1.8577
Group 2	1.5621	0.4000	1.9621	1.8577

*Income stream*

96.47% of the income distribution is received as dividend stream income.

100.00% of the dividend stream income is received as franked investment.

0.00% of the dividend stream income is received as an annual payment (non foreign element).

3.53% of the income distribution is received as non dividend income.

**Equalisation**

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares, and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax, but must be deducted from the cost of shares for capital gains tax purposes.

## General information

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### Significant information

Yealand Group Limited consisted of two entities, Carvetian Capital Management Limited which acts as the Authorised Fund Manager to the Fund, and Yealand Administration Limited, which provides fund administration and transfer agency services to the Fund.

On 1 April 2022, Carvetian Capital Management Limited and Yealand Administration Limited merged to form a single consolidated business and was subsequently rebranded to become Yealand Fund Services Limited on 17 May 2022.

### Buying and selling shares

On purchasing shares, you will receive a contract note confirming your purchase, which will be issued the business day after the deal has been priced. As proof of ownership, your name will be recorded on the register following receipt of payment and full registration details.

The Fund is valued weekly at 10:00am on Tuesday or, where this is not a business day, on the following business Tuesday. The prices calculated at these valuations will determine the price at which your deal is transacted. The Fund is priced on a forward basis, i.e. all deals struck before the 10:00am valuation point receive prices calculated at that valuation point.

The current Fund prices are available online at [www.yealand.com](http://www.yealand.com) (together with yield information) or at the registered office of the ACD. Also available from the website and ACD is the annual Non-UCITS Retail Scheme Key Investor Information (NURS-KII), which includes risk and reward numerical indicators of the Fund. The full report and accounts are available free of charge on request from the ACD.

Subject to the FUND and COLL Sourcebooks, the basis upon which prices may be calculated and any discounts on the initial charge are at the discretion of the ACD.

The minimum value of Net Income Shares which any one person can purchase initially is £25,000, and the minimum value of additional Net Income Shares which may be purchased subsequently is £10,000. Shares may be purchased or sold by telephoning 0345 850 0255 or writing to: Yealand Fund Services Limited, Stuart House, St John's Street, Peterborough PE1 5DD. For your protection calls are recorded.

A contract note will be issued to confirm any sale of shares with payment being issued on the third business day following the pricing of the sale and

all necessary renunciation documentation being received by the ACD.

The dealing time for telephone deals is 09:00 - 17:00 every business day.

### ACD's approach to dilution

Unusually high levels of buying and selling may increase the Fund's dealing costs and affect the value of its assets. This is known as 'dilution'. To prevent this and to protect the interests of the majority of shareholders, the ACD at its discretion may charge a dilution levy. If charged, the dilution levy will be paid into the Fund for the benefit of shareholders and will become part of the property of the Fund.

### Revenue

The Fund offers income shares which entitle shareholders to a share in any distribution of the revenue made by the Fund, less expenses and applicable taxation, provided they retain those shares until and including the Fund's dividend dates i.e. end of February and 31 August each year. Any revenue to be distributed to shareholders is paid out on the Fund pay dates i.e. 30 April and 31 October each year. The revenue may be paid to shareholders, directly to certain bank and building society accounts (BACS), by cheque or reinvested in the Fund.

### Tax

#### Tax elected fund

The Fund is a tax elected fund (TEF), which means that it meets the conditions set out in the TEF regulations. A fund which qualifies and has been elected as a TEF will, generally, have no liability to UK corporation tax and instead the investor will be taxed as though they had invested in the underlying assets themselves.

For any further information, please refer to the Fund's prospectus.

#### Capital gains

Authorised funds (including a TEF) are currently exempt from capital gains tax on the disposal of their investments. UK residents who are individuals or trusts may be liable to UK taxation of capital gains arising from the sale or other disposal of shares in the Fund if their total gains from all sources exceed the exemption limit for the tax year in which the disposal takes place.

UK corporates will be subject to corporation tax on chargeable gains on profits made on the disposal of their shares in the Fund.

## General information

*continued*

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### **Income tax**

The following paragraphs summarise the basis of taxation on distributions, based on current legislation.

UK resident individuals will be taxed on the sum of their distributions in excess of the tax-free dividend allowance of £2,000. Basic rate taxpayers pay 8.75% income tax on dividends received in excess of the dividend allowance, higher rate taxpayers pay 33.75% income tax, and additional rate taxpayers pay 39.35% income tax. The dividend allowance is not available to Trusts.

Potential investors are advised to seek professional advice.

### **Corporate holders**

For corporate shareholders, where the gross income from which the dividend distribution is made is not wholly franked investment income, part of the distribution is received as an annual payment.

Corporate shareholders will be subject to corporation tax on the non-franked element of distributions, which will be covered by the tax withheld by the Fund.

The amount of tax recoverable on dividends deemed to be annual payments will match the corporation tax paid by the Fund.

It should be noted that levels and bases of tax may be subject to change.

If investors are in any doubt as to their taxation position they should consult their professional advisor.

### **Further information**

Further details of the Fund are included in the Prospectus, which is available upon request from: Yealand Fund Services Limited, Stuart House, St. John's Street, Peterborough PE1 5DD.

## Directory

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### **Authorised Corporate Director (the ACD)**

Yealand Fund Services Limited  
Stuart House  
St. John's Street  
Peterborough  
PE1 5DD

Tel: 0345 850 0255

Fax: 01733 286833

Email: [enquiries@yealand.com](mailto:enquiries@yealand.com)

Website: [www.yealand.com](http://www.yealand.com)

*(Authorised and regulated by  
the Financial Conduct Authority)*

### **Fund administration, dealing and registration**

Yealand Fund Services Limited  
Stuart House  
St. John's Street  
Peterborough  
PE1 5DD

Tel: 0345 850 0255

Fax: 01733 286833

Email: [TA@yealand.com](mailto:TA@yealand.com)

Website: [www.yealand.com](http://www.yealand.com)

*(Authorised and regulated by  
the Financial Conduct Authority)*

### **Investment manager**

Knox Capital Company Limited  
83 Marylebone High Street  
London  
W1U 4QW

*(Authorised and regulated by  
the Financial Conduct Authority)*

### **Depositary**

NatWest Trustee and Depositary Services  
Limited  
Registered and Head Office:  
250 Bishopsgate  
London  
EC2M 4AA

*(Authorised and regulated by  
the Financial Conduct Authority)*

### **Auditor**

Shipleys LLP  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ