



YFS Sterling Select Companies Fund

Annual Report including long form financial statements
for the year ended 30 April 2023

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Authorised status

The YFS Sterling Select Companies Fund (the Fund) is a standalone authorised unit trust. It was established by a Trust Deed dated 8 August 1963 (as amended from time to time) and the duration of the Fund is unlimited.

The Trust is a UCITS which complies with the requirement of the FCA COLL, including the investment and borrowing powers in Chapter 5.

Unitholders are not liable for the debts of the Trust. A unitholder is not liable to make any further payment to the Trust after he has paid the price of the purchase of the units.

Trust information

Investment objective and policy

The Fund seeks capital growth over the long-term (3-5 years).

The Fund invests at least 75% in smaller and medium sized UK companies.

Smaller and medium-sized companies will typically be those which have a market capitalisation of up to £5bn.

UK companies are those which are domiciled or listed or have business operations in the UK.

Up to 25% of the Fund may also be invested in:

- companies of a different market size
- non-UK companies
- cash or near cash
- money market instruments,
- transferable securities; and
- other collective investment schemes, including those managed by the Manager or Investment Manager.

As set out in the investment policy, the Fund is an equity fund with a bias towards seeking out small and medium sized companies which in the Investment Manager's opinion represent attractive investment opportunities.

Despite its focus, in making any particular investment, the Fund is not constrained by any market capitalisation or geographic requirements, in order for the Investment Manager to be able to select equity investments which it thinks appropriate. The smaller and medium sized companies which the Investment Manager will consider will be those thought to be high quality differentiated businesses alongside consideration to profitability, assets and potential for future growth and those bought at reasonable valuations.

Investments in money market instruments or other collectives may be undertaken to protect value for unitholders in circumstances such as the target set of companies are overvalued or there is a risk expropriation or such situations outside our control. In addition, at any time, the Fund may also invest in other transferable securities (such as, but not limited to, bonds, collateralised debt obligations, and investment companies), as well as in units in other collective investment schemes which may include those managed by the Manager or the Investment Manager.

Derivatives may be used for efficient portfolio management purposes.

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

Trust information (continued)

Comparator benchmark

To gauge the relative performance of the Fund, unitholders may compare the Fund's performance against the Investment Association's UK Smaller Companies Sector. This is not a performance target nor constrains the way in which the Trust is managed. For further information on the Sector and its intended use, please refer to the Trust's Prospectus.

Target market

For the purposes of MiFID II - the legislative framework known as MiFID II as implemented in the UK, we have prepared the following description of the Fund's target market.

Type of clients: retail, professional clients and eligible counterparties (subject to the applicable legal and regulatory requirements in the relevant jurisdiction).

Clients' knowledge and experience: investors with at least basic knowledge and experience of funds which are to be managed in accordance with a specific investment objective and policy.

Clients' financial situation with a focus on ability to bear losses: investors must be prepared to accept fluctuations in the value of capital including capital loss and accept the risks of investing in equity markets, including having the ability to bear 100% capital loss.

Clients' risk tolerance and compatibility of risk/reward profile of the product with the target market: due to the volatility of markets and specific risks of investing in shares in a fund (including those set out in the risk warnings in this Prospectus), investors should have a high risk tolerance. They should be willing to accept price fluctuations in exchange for the opportunity of higher returns.

Clients' objectives and needs: investors should be seeking to invest for the medium to long term who wish to gain access to a portfolio managed in accordance with the specific investment objective and policy of the Fund.

Clients who should not invest: shares in the Fund are deemed incompatible for investors which:

- are looking for full capital protection or full repayment of the amount invested and
- clients who want a guaranteed return (whether income or capital)
- are fully risk averse/have no risk tolerance
- need a fully guaranteed income of fully predictable return profile.

Distribution channel: This product is eligible for all distribution channels (e.g., investment advice, portfolio management, non-advised sales and pure execution services).

Investment manager

The investment manager to the Trust is Sterling Investment Management Limited.

Authorised Fund Manager's fee

The total AFM fee is 1% plus dealing fees.

Distribution

Unitholders may own accumulation and/or income units, which entitle them to a share in any allocation/distribution of income made by the Trust. Distribution dates are last business days of June and December for income accrued as at 30 April and 31 October respectively. Net income due on accumulation units is reinvested and reflected in the unit price.

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

Unitholder information

Please be advised that the Authorised Fund Manager and Administrator changed from Maitland Institutional Services Limited to Yealand Fund Services Limited.

Investment manager's report for the year ended 30 April 2023

Following a buoyant period for equity markets in 2021 there is no denying that when Russia invaded Ukraine on 24 February 2022 the mood changed – and quickly. So called 'growth' stocks which once attracted a premium rating have fallen rapidly out of favour and losses experienced even in bond funds got investors searching for liquidity. Having operated since 1963, the Fund has seen many ups and downs – negative cycles do not last forever, with time the pendulum oscillates.

We spend little time worrying about interest rates or inflation or anything we cannot control, including the British weather of course. But that does not mean our investee companies have been immune. Rising inflation has led to the end of 'free money' and the charging ahead of interest rates confirms we are in a new regime. At the company level, cost of capital increases and thereby the ability to grow via acquisitions disappears. Sir John Fisher (founder of James Fisher) said, in all of the years he had been in shipping *"he had rarely known a time when there was not a crisis of some sort."*

Over the last twelve months, the Fund lost 22.6% versus the IA UK Smaller Companies, which was down 13.5%. This is disappointing and there is no other way to say it. We paid a price for not having oil stocks during 2022 as they performed well but we also made a few mistakes, which we share below.

When we invested, **Shield Therapeutics** already had FDA approval for its terrific oral therapy for iron deficiency. In their February 2021 fundraising we received a good allocation at a discount to the market price. Our first mistake was we did not take immediate profits. But the second mistake was that we underestimated the investment required to build a sales team that would convert 'potential' into sales, let alone profits. North America is an expensive place to hire sales people who command annual salaries of \$150,000 – before bonuses. We sold our holding and the shares now trade 50% below our sale price. The company has since raised more money and is likely to need even more, further diluting investors.

Omega Diagnostics. This company was 'right in the middle' of the COVID-19 testing euphoria. Omega delivered a working test to the Department of Health and Social Care who then released an order in excess of £300m – in line with Government rhetoric of 'manufacturing in Britain.' In the end, it was all words and no action and the next time we are told about Government contracts, we will know what to make of them. Fortunately, we sold out and the shares have fallen 90% since.

SourceBio Science was another 'testing' company that timed its IPO to perfection. At their peak, they were testing in excess of 10,000 COVID-19 samples a day and were the largest UK company to do so, outside of our beloved NHS. They even had a national distribution arrangement with Boots (for private tests) but the market was dynamic and testing soon became a commodity. We spotted the opportunity correctly, timed our entry well and exited with a profit. But we should have sold earlier and made more. Fast forward, months after our exit, the shares were delisted from AIM.

Velocys, the commercial waste to sustainable aviation fuel company enjoyed a tie up with British Airways and recently won a grant from the UK Government's Department for Transport for £27m. It is a good technology with serious potential but will require far more cash hence we booked a 20% profit. For the company to really succeed, it relies on the kindness of strangers. Enough said.

Selling: Any fool can buy but when do we sell? We think it is important to be honest and change one's mind – when the facts change. Each of the above four companies fell significantly further following our sale. Our team culture fosters frank critique, openness and honesty. We do not shoot the messenger at Sterling. Never. If we analyse and share our mistakes, it is likely we will make fewer in the future. Our approach is to reduce the error rate, stay clear of the negatives because the positives often take care of themselves.

Our Portfolio: We like to kill the weeds and water the roses. Our portfolio companies are solid – companies with a difference and defensible position vs competitors. We have further sharpened our pencil and will endeavour to make fewer mistakes. Competitive landscapes are changing faster than ever and we remain vigilant, continually monitoring whether our companies are getting better or getting beaten.

Curtis received a recommended bid and we expect to receive cash proceeds in the coming months. **Coca Cola HBC** has managed inflationary pressures extremely well and is a reminder how a solid company with a powerful brand can combat external challenges. We anticipate a consumer pick up and **Johnson Services** and **Jet2** give us good exposure. We recently bought **M&C Saatchi** which will show its true potential in the coming years, now that the management have no takeover distraction.

Investment manager's report
for the year ended 30 April 2023
(continued)

Having followed it for a few years, we recently also invested in **Franchise Brands**, which has 650 multi-brand franchisees across its seven brands in ten countries. The management team is aligned and we expect to hold this company for the next five to ten years.

UK Market: It is an open secret – the UK market is out-of-favour, more so the smaller companies; redemptions have further dampened valuations as institutions have become forced sellers. If the market does not give the right valuations, competitors or Private Equity will, as we saw in **Euromoney**, one of our holdings. We continue to focus on selecting the right companies. Buying the right company remains the key.

ESG: We are ever aware of companies greenwashing to 'look good'. Such optics work well in the short term but overtime it is futile as pretenders get exposed. Our message to all management teams is *"Do good and do it with a heart – genuinely be a good citizen in all communities you operate, and to all stakeholders."*

Tip our hat: We would like to thank Maitland who looked after the Fund for seven years and wish them the very best under Apex, their new owners. Maitland seamlessly passed the baton to Yealand Fund Services Limited, the new AFM and Administrator since 1 February 2023. The transition was smooth and we thank both teams for their stellar coordination. Team Yealand have made a fantastic start and we look forward to a long joyful relationship.

Another important change was our own role. Sterling is now the investment manager and is fully responsible for all decisions. We now have the discretion to implement our philosophy without dilutions and tweaks. Put simply, *the buck now stops with us*. It has taken time to reach this position but this is what *we have wanted* and we welcome the responsibility with open arms.

The Fund is the 18th oldest Fund in the UK market among some 4,000 Funds and will turn sweet '60' on 8 August 2023. The investment team, of three nationalities, comprising of two men and two women, with an average age c40 – are experienced but also open-minded, enthusiastic and curious for possibilities. We hope, God willing and with your blessing, that the team enjoys the stamina and a long runway to work hard and deliver the returns investors expect from us.

We love what we do and welcome interactions with current and prospective investors.

Thank you for your trust, it means a lot.

www.sterlingim.co.uk

We are keen to provide investors with regular updates, through email, webinars, factsheets and even in-person meetings in time to come. Please register your interest or write to us at: info@sterlingim.co.uk

Sterling Investment Management Limited
17 May 2023

Net asset value per unit, price record and comparative tables

Change in net asset value per unit

All prices quoted are based on bid price

	Accumulation units			Income units		
	Year ended 30 April 2023 p	Year ended 31 May 2022 p	Year ended 31 May 2021 p	Year ended 30 April 2023 p	Year ended 31 May 2022 p	Year ended 31 May 2021 p
Opening net asset value per unit	8,172.83	11,634.18	7,813.73	2,079.12	2,961.70	1,990.81
Return before operating charges†	(1,844.74)	(3,348.97)	3,925.13	(440.32)	(852.21)	998.71
Operating charges	(25.49)	(112.38)	(104.68)	(25.49)	(28.60)	(26.65)
Return after operating charges†	(1,870.23)	(3,461.35)	3,820.45	(465.81)	(880.81)	972.06
Distributions on income units						
Interim	n/a	n/a	n/a	(13.09)	(1.77)	(1.17)
Final	n/a	n/a	n/a	(5.25)	-	-
Total distributions on income units	n/a	n/a	n/a	(18.34)	(1.77)	(1.17)
Closing net asset value per unit	6,302.60	8,172.83	11,634.18	1,594.97	2,079.12	2,961.70
Retained distributions on accumulation units						
Interim	51.44	6.96	4.58	n/a	n/a	n/a
Final	20.81	0.00	0.00	n/a	n/a	n/a
Total retained distributions on accumulation units	72.25	6.96	4.58	n/a	n/a	n/a
†after direct transaction costs of	1.46	(4.01)	(14.56)	1.17	(1.02)	(3.71)

Performance

Return after operating charges	(22.9)%	(29.8)%	48.9%	(22.4)%	(29.7)%	48.8%
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Other information

Closing net asset value (NAV)	£7,684,509	£10,518,222	£15,809,162	£17,222,502	£23,221,639	£34,208,579
Closing number of units	121,926	128,697	135,885	1,079,804	1,116,898	1,155,032
Operating charges	1.14%	1.12%	1.15%	1.14%	1.12%	1.15%
Direct transaction costs	0.02%	0.04%	0.16%	0.07%	0.04%	0.16%

Prices (p)

Highest	8,255.7	12,075.0	11,732.3	2,100.2	3,073.0	2,986.0
Lowest	6,190.0	7,762.0	7,705.3	1,565.0	1,974.0	1,962.0

Key Investor Information Document (KIID) risk and reward profile

The numerical risk and reward Indicator as published in the latest KIID is in category 6 (2022: category 6). The unit classes are ranked in risk category 6 as its price has experienced much higher than average rises and falls historically.

For more information on the Fund risk and reward profile please refer to the most up to date KIID which is available at www.yealand.com.

Assessment of value report

We are required to undertake a formal review of the Trust in order to assess the value which unitholders 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 an Assessment of value report specific to each Yealand Fund by 31 January each year. Copies of these reports can be obtained from the Yealand website, via the document link on each respective Fund page www.yealand.com/funds/.

Statement of the Authorised Fund Manager's responsibilities

The Collective Investment Schemes Sourcebook published by the FCA, ('the COLL Rules') require the Authorised Fund Manager ('AFM') 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 income and net gains or losses on the property of the Trust for the period.

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 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 Trust 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 Company or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

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

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approval of the annual report by the Authorised Fund Manager (AFM)

In accordance with the requirements of a UCITS which complies with the FCA COLL Sourcebook as per COLL 4.5.8B R, I hereby approve the report on behalf of Yealand Fund Services Limited for the year ended 30 April 2023.

Rob Leedham
On behalf of Yealand Fund Services Limited,
the Authorised Fund Manager
30 June 2023

Samuel Jackson
On behalf of Yealand Fund Services Limited,
the Authorised Fund Manager
30 June 2023

Statement of the Trustee's responsibilities and report of the Trustee to the unitholders of the YFS Sterling Select Companies Fund (the 'Scheme') for the year ended 30 April 2023

The Trustee must ensure that the Scheme 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 Scheme and its investors.

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

The Trustee must ensure that:

- the Scheme's cash flows are properly monitored and that cash of the Scheme 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 in the Scheme is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Scheme's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ('the AFM') are carried out (unless they conflict with the Regulations).

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

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

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

*NatWest Trustee and Depositary Services Limited
30 June 2023*

Independent auditor's report to the unitholders of the YFS Sterling Select Companies Fund ('the scheme')

Opinion

We have audited the financial statements of the YFS Sterling Select Companies Fund ('the Trust'), for the year ending 30 April 2023 which comprise the Statement of change in net assets attributable to unitholders, 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').

This report is made solely to the unitholders of the Trust, 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 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 unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 30 April 2023 and of the net revenue and net capital losses on the property of the Trust 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the AFM's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the AFM have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 AFM 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

Independent auditor's report to the unitholders of the YFS Sterling Select Companies Fund ('the scheme') (continued)

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.

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 AFM'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 AFM'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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Fund Manager's report or the AFM'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 Alternative Investment Fund Manager 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 AFM's responsibilities statement, the AFM 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 AFM 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 AFM is responsible for assessing the Scheme'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 AFM either intends to liquidate the Scheme 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. This description forms part of our auditor's report.

Irregularities, including fraud, are instances of noncompliance 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 Trust 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 Trust operates.

**Independent auditor's report to the unitholders of the YFS Sterling Select Companies Fund
(‘the scheme’)**
(continued)

- We understood how the Trust 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.
- We assessed the susceptibility of the Trust'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 AFM 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 noncompliance 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 unitholders of the Trust, 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 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 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 & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ
30 June 2023

Portfolio statement
 as at 30 April 2023

Holding	Investment	Market value £'000	% of total net assets
EQUITIES - 88.77% (85.16%)			
Asia & Australasia - 3.18% (3.81%)			
Australia - 3.18% (3.81%)			
1,000,000	Litigation Capital Management	738	2.96
2,006,020	Zoono Group	54	0.22
Total Asia & Australasia		792	3.18
Emerging Markets - 1.16% (0.00%)			
Israel - 1.16% (0.00%)			
17,375	Plus500	289	1.16
Total Emerging markets		289	1.16
Europe (ex UK) - 12.32% (3.65%)			
Channel Islands - 0.61% (0.00%)			
19,000	JTC	151	0.61
Ireland - 6.36% (0.00%)			
9,966,084	Hvivo	1,585	6.36
Switzerland - 5.35% (3.65%)			
55,000	Coca-Cola HBC	1,333	5.35
Total Europe (ex UK)		3,069	12.32
North America - 1.29% (2.57%)			
United States - 1.29% (2.57%)			
501,000	Devolver Digital	140	0.56
342,500	Tinybuild	182	0.73
		322	1.29
Total North America		322	1.29
United Kingdom - 70.82% (75.13%)			
123,220	Anglo Pacific Group	148	0.60
50,350	Avon Rubber	500	2.01
700,000	Coats Group	548	2.20
39,291	Computacenter	901	3.62
274,510	Curtis Banks Group	934	3.75
355,730	Dr Martens	591	2.37
4,205,486	Esken	210	0.84
600,000	Franchise Brands	1,002	4.02
100,001	GB Group	325	1.30
150,000	Hargreaves Services	608	2.44
1,552,500	HEIQ	301	1.21
70,950	Hill & Smith	976	3.92
37,148	Intermediate Capital Group	483	1.94
52,154	Invidior	795	3.19

Portfolio statement
 as at 30 April 2023
 continued

Holding	Investment	Market value £'000	% of total net assets
EQUITIES - 88.77% (85.16%) - continued			
United Kingdom - 70.82% (75.13%) - continued			
65,000	JET2	796	3.20
401,000	Johnson Service Group	488	1.96
115,855	Liontrust Asset Management	996	4.00
386,189	M&C Saatch	639	2.57
158,596	Morgan Advanced Materials	485	1.95
33,727	NCC Group	36	0.14
6,842,590	Poolbeg Pharma	486	1.95
657,086	Premier Foods	824	3.31
93,495	Robert Walters	398	1.60
44,600	Rotite	-	-
235,000	Sanderson Design	289	1.16
29,069	Savills	279	1.12
100,000	Serica Energy	237	0.95
198,430	SThree	835	3.35
455,591	Strix Group	500	2.01
375,000	Supreme	383	1.54
120,000	Team17 Group	432	1.73
1,100,000	Trufin	770	3.09
26,467	Victrex	443	1.78
Total United Kingdom		17,638	70.82
TOTAL EQUITIES		22,110	88.77
Portfolio of investments		22,110	88.77
Net other assets		2,797	11.23
Net Assets		24,907	100.00
Summary portfolio of investments		Market value £'000	% of Investments
Equities		22,110	100.00
Portfolio of Investments		22,110	100.00

Figures in brackets refer to the proportion of the Fund invested in the equivalent investments as at 30 April 2022.

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

(Inc) relates to income shares/units.

(Acc) relates to accumulation shares/units.

Following the change of Authorised Fund Manager (AFM) in the period as noted on page 3, there has been a review of the asset classification and prior period % have been restated.

Summary of major portfolio changes

The top ten purchases and sales for the reporting period

Purchases	Cost £'000	Sales	Proceeds £'000
Liontrust Asset Management	1,284	Kinovo	2,703
Franchise Brands	1,080	Shield Therapeutics	1,674
Coca-Cola	1,049	Premier Foods	1,425
Dr Martens	868	Liontrust Asset Management	1,284
Invidior	853	Polarean Imaging	912
Jet2	824	Titon Holdings	789
Sanderson Design Group	787	Euromoney Institutional Investor	787
M&C Saatchi	761	Omega Diagnostics Group	758
Synthomer	759	Springfield Properties	709
Curtis Banks Group	738	Intermediate Capital Group	565

Statement of total return
for the year ended 30 April 2023

		30 April 2023		30 April 2022	
	Note	£'000	£'000	£'000	£'000
Income					
Net capital losses	4		(7,812)		(14,581)
Revenue	6	605		477	
Expenses	7	(312)		(475)	
Interest payable and similar charges	9	-		-	
Net revenue before taxation		293		2	
Taxation	8	-		-	
Net revenue after taxation			293		2
Total return before distributions			(7,519)		(14,579)
Distributions	9		(293)		(30)
Change in net assets attributable to unitholders from investment activities			(7,812)		(14,609)

Statement of change in net assets attributable to unitholders
for the year ended 30 April 2023

		30 April 2023		30 April 2022	
		£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders			33,740		50,018
Amounts receivable on issue of units		65		589	
Amounts payable on cancellation of units		(1,175)		(2,272)	
Unclaimed distributions		-		5	
			(1,110)		(1,678)
Change in net assets attributable to unitholders from investment activities (see above)			(7,812)		(14,609)
Retained distribution on accumulation units			89		9
Closing net assets attributable to unitholders			24,907		33,740

Balance sheet
 as at 30 April 2023

	Note	30 April 2023 £'000	30 April 2022 £'000
Assets:			
Investments		22,110	28,734
Current assets:			
Debtors	10	165	4
Cash and bank balances		2,718	5,176
		<u>2,883</u>	<u>5,180</u>
Total assets		<u>24,993</u>	<u>33,914</u>
Liabilities:			
Provisions for liabilities			
Net distributions payable on income units		(57)	-
Creditors	11	(29)	(174)
		<u>(86)</u>	<u>(174)</u>
Total liabilities		<u>(86)</u>	<u>(174)</u>
Net assets attributable to unitholders		<u>24,907</u>	<u>33,740</u>

Notes to the financial statements

as at 30 April 2023

1. Accounting policies

A. Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with FRS102 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 Trust, that are readily convertible to a known amount of cash and are subject to an insignificant risk of change.

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 Trust, that are readily convertible to a known amount of cash, and are subject to an insignificant risk of change.

The FCA's Investment Funds Sourcebook (FUND), which implements the AIFM Directive, contains additional disclosure requirements in addition to the May 2014 SORP.

The AFM 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 Trust 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 Trust 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.

Notes to the financial statements

as at 30 April 2023

continued

1. Accounting policies - continued**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.

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 cashflows. For interest on index linked debt securities with a maturity date 10+ years future cashflows have been estimated using a prudent approach and an estimated aged yield has been used based on a 10 year average.

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 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 Trust 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 Trust. 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, and any applicable stamp duty reserve tax) 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.

Notes to the financial statements

as at 30 April 2023

continued

2. Distribution policy

The Trust will distribute all income 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 AFM's discretion.

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

3. Risk management policies

In pursuing its investment objective the Trust 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 Trust's financial instruments are market price, currency and interest rate risks. The AFM reviews (and agrees with the Trustee) 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.

Units in the Trust 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 Trust might suffer through holding market positions in the face of adverse price movements.

The AFM 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 AFM 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 Trust's assets and income are denominated in currencies other than Sterling, which is the currency of units in the Trust. The income and capital value of the Trust's investments can be significantly affected by foreign currency translation movements.

The principal area where foreign currency risk could impact the Trust is movement in exchange rates affecting the value of investments.

The AFM has the responsibility for monitoring the foreign currency risk of the Trust 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 Trust's investment activities. Open positions, which are all covered, are included in the net current assets attributable to unitholders 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 Trust'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.

Notes to the financial statements

as at 30 April 2023

continued
3. Risk management policies - continued

IV. Liquidity risk – The Trust’s assets comprise mainly readily realisable securities, which can be readily sold. The main liability of the Trust is the redemption of any units that investors may wish to sell.

V. Credit risk – Certain transactions in securities that the Trust enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Trust has fulfilled its responsibilities.

The Trust 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.

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
4 Net capital losses		
The net capital losses on investments during the year comprise:		
Non derivative securities	(7,809)	(14,578)
Transaction charges	(3)	(3)
Net capital losses on investments	<u>(7,812)</u>	<u>(14,581)</u>

5 Portfolio Transaction costs
Year ended 30 April 2023

Analysis of purchases	Net purchase cost £'000	Commissions paid £'000	%	Taxes £'000	%	Purchases before transaction costs £'000
Equities	15,231	2	0.01	9	0.06	15,219
Total purchases after commissions and tax	<u>15,231</u>					

Analysis of sales	Net sales proceeds £'000	Commissions paid £'000	%	Taxes £'000	%	Sales before transaction costs £'000
Equities	14,039	2	0.01	1	0.01	14,042
Total sales after commissions and tax	<u>14,039</u>					

Commission as a % of average NAV 0.01

Taxes as a % of average NAV 0.04

Notes to the financial statements

as at 30 April 2023

continued
5 Portfolio Transaction costs - continued

Year ended 30 April 2022

Analysis of purchases	Net purchase cost £'000	Commissions paid £'000	%	Taxes		Purchases before transaction costs
				£'000	%	£'000
Equities	4,423	2	0.05	8	0.18	4,413
Futures and derivatives	141	-	-	-	-	141
Total purchases after commissions and tax	4,564					

Analysis of sales	Net sales proceeds £'000	Commissions paid £'000	%	Taxes		Sales before transaction costs
				£'000	%	£'000
Equities	7,291	5	0.07	-	-	7,296
Futures and derivatives	982	-	-	-	-	982
Total sales after commissions and tax	8,273					

Commission as a % of average NAV 0.02

Taxes as a % of average NAV 0.02

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 Trust. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.

Portfolio dealing spread

	30 April 2023	30 April 2022
Average portfolio spread	1.29%	2.57%

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 30 April 2023 £'000	Year ended 30 April 2022 £'000
6 Revenue		
Franked dividends	526	473
Non-taxable overseas dividends	5	4
Unfranked dividends	6	-
UK Property income distributions	3	-
Bank interest	65	-
Total revenue	605	477

Notes to the financial statements

as at 30 April 2023

continued

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
7 Expenses		
Payable to the AFM, associates of the AFM and agents of either of them:		
AFM's periodic charge	277	428
Registration fees	9	13
	<u>286</u>	<u>441</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	11	12
Safe custody fees	3	5
	<u>14</u>	<u>17</u>
Other expenses		
Audit fees	7	11
Legal and professional fees	3	2
Printing and publication costs	2	4
	<u>12</u>	<u>17</u>
Total expenses	<u>312</u>	<u>475</u>
8 Taxation		
a. Analysis of the tax charge for the year		
UK corporation tax	0	0
Current tax charge (note 8b)	<u>0</u>	<u>0</u>
Total tax charge	<u>0</u>	<u>0</u>
<i>Corporation tax has been provided at a rate of 20%.</i>		
b. Factors affecting the tax charge for the year		
Net revenue before taxation	<u>293</u>	<u>2</u>
<i>The tax charged for the period is lower than the standard rate of corporation tax applicable to open ended investment companies (OEICs). The differences are explained below:</i>		
Corporation tax at 20% thereon (2022: 20%):	59	-
Effects of:		
Franked investment income	(105)	(95)
Non-taxable investment income	(1)	-
Movement in excess management expenses	47	95
UK corporation tax	<u>0</u>	<u>0</u>
Current tax charge for the period (note 8a)	<u>0</u>	<u>0</u>

The Fund has unrelieved excess management expenses of £9,088,616 (2022: £8,850,441). It is unlikely that there will be sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

Notes to the financial statements

as at 30 April 2023

continued

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
9 Finance costs		
The distributions take account of income received on the issue of units and income deducted on the cancellation of units and comprise:		
Interim accumulation	64	9
Interim distribution	144	20
Final accumulation	25	-
Final distribution	57	-
	<u>290</u>	<u>29</u>
Revenue deducted on redemption of units	3	1
Net distribution for the period	<u>293</u>	<u>30</u>
Interest	-	-
Total finance costs	<u><u>293</u></u>	<u><u>30</u></u>
Reconciliation of distribution:		
Net revenue after taxation	293	2
Shortfall due from capital	-	28
Net distribution for the period	<u><u>293</u></u>	<u><u>30</u></u>
<i>Details of the distribution per unit are set out in the distribution tables.</i>		
	30 April 2023 £'000	30 April 2022 £'000
10 Debtors		
Amounts receivable on issues	-	1
Sales awaiting settlement	117	-
<i>Accrued income:</i>		
Franked income receivable	48	3
Total debtors	<u><u>165</u></u>	<u><u>4</u></u>
11 Creditors		
Amounts payable on cancellations	-	(121)
<i>Accrued expenses:</i>		
Amounts payable to the AFM, or associates of the AFM:		
AFM fee	(20)	(29)
Registration fee	(1)	(1)
Amounts payable to the Trustee, or associates of the Trustee:		
Trustee fee	(1)	(5)
Safe custody and other bank charges	-	(5)
<i>Other:</i>		
Audit fee	(7)	(11)
Printing and publication costs	-	(2)
Total creditors	<u><u>(29)</u></u>	<u><u>(174)</u></u>

Notes to the financial statements

as at 30 April 2023

continued

12 Unitholders funds

The Fund has two unit classes, Accumulation and Income.

	Year ended 30 April 2023	Year ended 30 April 2023
	Accumulation units	Income units
Opening number of units	128,697	1,116,898
Units issued	816	169
Units cancelled	(7,587)	(37,263)
Closing number of units	<u>121,926</u>	<u>1,079,804</u>

13 Commitments, contingent liabilities and contingent assets

As at 30 April 2023 there were no outstanding contingent liabilities or commitments (2022: £nil).

14 Related parties

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 unitholders net assets, amounts due to/from Yealand Fund Services Limited in respect of uni 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 unitholder with a holding in excess of 20% of the value of the Fund may be able to exercise significant influence over the financial and operating policies of the Fund with reference to unitholders' 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 Trust are as follows:

	Held at 30 April 2023	Held at 30 April 2022
Minster Nominees Limited	35.70%	-

15 Financial instruments

The main risks from the Fund's holdings of financial instruments, together with the AFM's policy for managing these risks, are disclosed in note 3.

Numerical disclosures relating to the Fund are as follows:

	30 April 2023	30 April 2022
	£'000	£'000
Foreign currency risk		
Australian dollar	54	234
United States dollar	14	-
	<u>68</u>	<u>234</u>

Interest rate risk profile of financial assets and liabilities:

Financial assets with floating interest rates

Sterling	2,718	5,176
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Financial assets not carrying interest

Australian dollar	54	234
United States dollar	14	-
Sterling	<u>22,207</u>	<u>28,504</u>
	<u>22,275</u>	<u>28,738</u>

Notes to the financial statements

as at 30 April 2023

continued

	30 April 2023 £'000	30 April 2022 £'000
15 Financial instruments - continued		
Financial liabilities not carrying interest		
Sterling	(86)	(174)
Total assets and liabilities		
Australian dollar	54	234
United States dollar	14	-
Sterling	24,839	33,506
	<u>24,907</u>	<u>33,740</u>

The Fund's net cash holdings of £2,718,331 (2022: £5,175,753) 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

Derivatives and other financial instruments

No derivatives of a material nature was held during the period.

16 Fair value disclosure

Valuation technique

	30 April 2023		30 April 2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	22,110	-	28,734	-
Level 2	-	-	-	-
Level 3	-	-	-	-
	<u>22,110</u>	<u>0</u>	<u>28,734</u>	<u>0</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 UCITS periodic disclosure

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.

Notes to the financial statements

as at 30 April 2023

continued
17 Alternative Investment Fund ('AIF') periodic disclosure - continued
Remuneration policy - continued

Remuneration: Year ended 31 December 2022	Number of staff	Fixed remuneration £'000	Variable remuneration £'000	Total remuneration £'000
Total remuneration	39	1,842	150	1,992
Senior management	3	454	83	537
Staff who have a material impact on Funds' risk profile	3	454	83	537
Staff holding control functions	4	537	93	630

The staff members included in the above analysis support the entirety of the funds managed by the AFM. It is not considered feasible or useful to attempt to apportion these figures to individual funds. Details of the AFM's most recent remuneration policy, including a description of how remuneration and benefits are calculated and awarded, are available from www.yealand.com/policies. A paper copy is also 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 ended 30 April 2023
 in pence per unit

Accumulation units**Interim dividend**

Group 1 units - Units purchased prior to 1 May 2022

Group 2 units - Units purchased from 1 May 2022 to 31 October 2022

	Net revenue	Equalisation	Allocated on 30 December 2022	Allocated on 31 December 2021
Group 1	51.4377	-	51.4377	6.9610
Group 2	25.9534	25.4843	51.4377	6.9610

Final dividend

Group 1 units - Units purchased prior to 1 November 2022

Group 2 units - Units purchased from 1 November 2022 to 30 April 2023

	Net revenue	Equalisation	Allocation on 30 June 2023	Allocated on 30 June 2022
Group 1	20.8057	-	20.8057	0.0000
Group 2	11.0186	9.7871	20.8057	0.0000

Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of income included in the purchase price of all 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, but must be deducted from the cost of units for capital gains tax purposes.

Distribution table

For the year ended 30 April 2023

in pence per unit

Income units**Interim dividend**

Group 1 units - Units purchased prior to 1 May 2022

Group 2 units - Units purchased from 1 May 2022 to 31 October 2022

	Net revenue	Equalisation	Paid on 30 December 2022	Paid on 31 December 2021
Group 1	13.0863	-	13.0863	1.7713
Group 2	3.0270	10.0593	13.0863	1.7713

Final dividend

Group 1 units - Units purchased prior to 1 November 2022

Group 2 units - Units purchased from 1 November 2022 to 30 April 2023

	Net revenue	Equalisation	Payable on 30 June 2023	Paid on 30 June 2022
Group 1	5.2526	-	5.2526	0.0000
Group 2	4.2112	1.0414	5.2526	0.0000

Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of income included in the purchase price of all 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, but must be deducted from the cost of units for capital gains tax purposes.

General information

Buying and selling units

On purchasing units, 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 Trust is valued each business day at 10:00 a.m. The prices calculated at these valuations will determine the price at which your deal is transacted. The Trust is priced on a forward basis, i.e. all deals struck before the 10:00 a.m. valuation point receive prices calculated at that valuation point.

The current trust prices are available online at www.yealand.com (together with yield information) or at the registered office of the AFM. Also available from the website and AFM are the distribution information and the annual Key Investor Information Document (KIID), which includes risk and reward numerical indicators of the Trust. The full report and accounts are available free of charge from the AFM.

Subject to the COLL Rules, the basis upon which prices may be calculated and any discounts on the initial charge are at the discretion of the AFM. The minimum value of Net Accumulation/Income Units which any one person can purchase initially is £1,000 with £1,000 subsequent minimum purchase value of additional Net Income Units. Units 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 units with payment being issued on the third business day following the pricing of the sale and all necessary renunciation documentation being received by the AFM.

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

AFM's approach to dilution

Unusually high levels of buying and selling may increase the Trust'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 unitholders, the AFM at its discretion

may charge a dilution levy. If charged, the dilution levy will be paid into the Trust for the benefit of unitholders and will become part of the property of the Trust.

Revenue

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

Tax

Capital gains

Authorised trusts 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 units in the Trust 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 units in the Trust.

Income tax

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

UK resident individuals are taxable on the sum of their distributions in excess of the tax-free dividend allowance of £1,000. 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.

General information
continued

Corporate holders

For corporate unitholders, 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 from which tax at a rate equal to the basic rate of income tax is deemed to have been deducted subject to the possible requirement, depending on the precise facts, to deal with part of this annual payment as having suffered a deduction which is treated as foreign tax.

Corporate unitholders will be subject to corporation tax on that payment but will be entitled to a credit for tax deemed to be deducted.

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

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 Trust 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

Authorised Fund Manager (the AFM)

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

Tel: 0345 850 0255

Fax: 01733 286833

Email: enquiries@yealand.com

Website: www.yealand.com

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

Trust administration, dealing and registration

Yealand Fund Services Limited
Stuart House
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Peterborough
PE1 5DD

Tel: 0345 850 0255

Fax: 01733 286833

Email: TA@yealand.com

Website: www.yealand.com

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

Investment manager

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(Authorised and regulated by the Financial Conduct Authority)

Trustee

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Registered and Head Office:
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EC2M 4AA

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

Auditor

Shipleys LLP
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WC2H 7DQ