CG KERNOW INVESTMENT FUNDS ICVC

# FINAL REPORT

For the period 1 April 2022 to 30 June 2023

# Annual Report for the period 1 April 2022 to 30 June 2023

## Contents



*These collectively comprise the Authorised Corporate Director's (ACD) Report

# Company Information

| | |
|---|---|
| **Company** | CG Kernow Investment Funds ICVC<br>An investment company with variable capital. |
| **Head Office** | 85 Gresham Street,<br>London,<br>EC2V 7NQ |
| **The Authorised Corporate Director ("ACD")** | Carne Global Fund Managers (UK) Limited<br>85 Gresham Street,<br>London,<br>EC2V 7NQ<br><br>Directors: Glenn Thorpe (appointed 24 July 2023)<br>Jeremy Soutter<br>Piyush Patel (resigned 27 July 2023)<br>Robin Cotterill (appointed 26 July 2023)<br>Veronica Buffoni<br>Michael Bishop (Non-executive)<br>Timothy Cornick (Non-executive)<br><br>Authorised and regulated by the Financial Conduct Authority and a member of the Investment Assocation. |
| **Investment Manager** | Kernow Asset Management Limited<br>1st Floor Great Stable,<br>Trelowarren,<br>Helston,<br>Cornwall,<br>TR12 6AF<br><br>Authorised and regulated by the Financial Conduct Authority. |
| **Administrator and Fund Accountant** | Apex Fund and Corporate Services (UK) Limited<br>6th Floor,<br>125 London Wall,<br>London,<br>EC2Y 5AS |
| **Registrar** | Investor Administation Solutions Limited<br>Cedar House,<br>3 Cedar Park,<br>Cobham Road,<br>Wimbourne,<br>Dorset,<br>BH21 7SB |
| **Depositary** | European Depositary Bank SA, London Branch<br>6th Floor,<br>125 London Wall,<br>London,<br>EC2Y 5DN<br><br>Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. |

# Company Information

## continued

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|---|---|
| **Sub-Custodian** | Citibank, N.A., London Branch<br>Citigroup Centre,<br>Canada Square,<br>Canary Wharf,<br>London,<br>E14 5LB<br>Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. |
| **Independent Auditors** | Deloitte LLP<br>Statutory Auditor<br>110 Queen Street,<br>Glasgow,<br>G1 3BX |

The Company is stuctured as an umbrella company, in that it is formed by one or more Sub-funds ("Funds"), each with different investment objectives. New Funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority ("FCA") and the Depositary. All the Funds are classified as CG Kernow Investment Funds ICVC Funds under the FCA's Collective Investment Schemes sourcebook ("COLL") and the FCA's Investment Funds Sourcebook ("FUND"). CG Kernow Investment Funds ICVC is covered by the investment rules in chapter 5 of COLL and is a non-UCITS retail scheme ("NURS") within the meaning of the FCA sourcebook.

Each Fund has a specific portfolio to which that Fund's assets and liabilities are attributable. The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Fund and shall not be available for any such purpose. The individual Shareholders are not liable for any debts of the Funds that they have invested in.

Currently the Company has one Fund, CG Kernow Equity Navigator Fund. In the future there may be other Funds established.

The accounting period covered in these financial statements is from 1 April 2022 to 30 June 2023.

The Prospectus was issued on 25 March 2022. The financial statements reflect the latest investment objective and policy in the Prospectus.

### Remuneration Policy (UK Non-UCITS Retail Scheme)

Carne Global Fund Managers (UK) Limited “CGUK” is required to disclose how individuals (whose actions have a material impact on the Funds under management) are remunerated.

The remuneration strategy across CGUK is governed by the CGUK Board who have chosen not to establish a Remuneration Committee on the basis of the size, nature and complexity of its business activities. The CGUK Board has established a Remuneration Policy designed to ensure the Remuneration Code in the Financial Conduct Authority handbook is met proportionately for all UK Code Staff. CGUK is committed to ensuring sound remuneration policies and procedures that are consistent with sound and effective risk management.

CGUK operates both UK UCITS Funds and Alternative Investment Funds (together “UK Funds”).

CGUK considers its activities as non-complex due to the fact that regulation limits the strategies conducted and the scope of investment in such a way that investor risk is mitigated. The discretion of CGUK and the portfolio managers is strictly controlled within certain pre-defined parameters as determined in the prospectus or constitutional documents of each Fund.

# Company Information
## continued

### Remuneration Policy (UK Non-UCITS Retail Scheme) (continued)

In its role as Manager, CGUK deems itself as lower risk due to the nature of the activities it conducts. Therefore, CGUK has provided a basic overview of the remuneration of staff whose actions, have a material impact on the UK Funds.

| June 2023 | Number of Beneficiaries | Total remuneration paid £ | Fixed remuneration £ | Variable remuneration paid £ | Carried interest paid by UK Funds |
|---|---|---|---|---|---|
| Total remuneration paid by CGUK during the financial year | 7 | 351,815 | 262,415 | 89,400 | - |
| Remuneration paid to employees of CGUK who have a material impact on the risk profile of the UK Funds | - | - | - | - | - |
| Senior Management | 3 | 255,100 | 185,100 | 70,000 | - |
| Control functions | 3 | 159,715 | 140,315 | 19,400 | - |
| Employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers | - | - | - | - | - |

# The Authorised Corporate Director's ("ACD") Report

We are pleased to present the Annual Report & Audited Financial Statements for CG Kernow Investment Funds ICVC for the period 1 April 2022 to 30 June 2023.

**Authorised Status**

CG Kernow Investment Funds ICVC ("the Company") is an investment company with variable capital ("ICVC") incorporated in England and Wales under registered number IC066148 and authorised by the Financial Conduct Authority ("FCA"), with effect from 21 February 2022 and with a launch date of 1 April 2022. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company.

Head Office: the Head Office of the Company is at 85 Gresham Street, London, EC2V 7NQ.

The Head Office is the address of the place in the UK for service on the Company of notices or other documents required or authorised to be served on it.

**Structure of the Company**

The Company is structured as an umbrella company, in that different Funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new Fund or Share Class, a revised Prospectus will be prepared setting out the relevant details of each Fund or Share Class.

The Company is a non-UCITS retail scheme ("NURS").

Currently the Company has only one Fund, CG Kernow Equity Navigator Fund. In the future there may be other Funds established.

The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy applicable to that Fund. Investment of the assets of each of the Funds must comply with the FCA's Collective Investment Schemes Sourcebook ("COLL"), the FCA's Investment Funds Sourcebook ("FUND") and the investment objective and policy of the relevant Fund.

**Significant Events During the Period**

On 1 April 2022, CG Kernow Equity Navigator Fund was launched.

The outbreak of Coronavirus (COVID-19), declared by the World Health Organisation ("WHO") as a global pandemic in March 2020 and has impacted many aspects of daily life and the global economy since this date. On 05 May 2023, the WHO have announced that COVID-19 is no longer a public health emergency of international concern. However, this does not mean the pandemic itself is over, but the global emergency it has caused is, for now. The WHO will establish a Review Committee that will develop long-term, standing recommendations for countries on how to manage COVID-19 on an ongoing basis. Most travel movements and operational restrictions implemented by many countries have returned to normal. While many economies globally have reopened the pace of recovery has varied from country to country and most countries also now impacted by the rising inflation as a global phenomenon. The Directors together with the Manager will continue to monitor business continuity and resilience processes with the objective of mitigating any ongoing impact of COVID-19.

The Directors will continue to monitor business continuity and resilience processes with the objective of mitigating any ongoing impact of COVID-19.

Events arising in Ukraine, as a result of military action being undertaken by Russia, may impact on securities directly or indirectly related to companies domiciled in Russia and/or listed on exchanges located in Russia ("Russian Securities"). As at 30 June 2023, the Company does not have direct exposure to Russian Securities or to sanctioned investors. The Directors and Investment Manager are monitoring developments related to this military action, including current and potential future interventions of foreign governments and economic sanctions.

**Significant Events After the Period**

On 24 July 2023, Glenn Thorpe was appointed as a Director of Carne Global Fund Managers (UK) Limited.

On 26 July 2023, Robin Cotterill was appointed as a Director of Carne Global Fund Managers (UK) Limited.

On 27 July 2023, Piyush Patel resigned as a Director of Carne Global Fund Managers (UK) Limited.

Subject to necessary regulatory approvals, the Depositary will change from European Depositary Bank SA, London branch to Apex Depositary (UK) Limited with effect from 1 December 2023.

Kernow Asset Management Limited (the Sponsor) formally notified the ACD that it wishes Carne Global Fund Managers (UK) Limited ("CGUK") to retire as ACD in favour of another authorised AIFM/ACD, namely Yealand Fund Services Limited ("Yealand"). Subject to necessary regulatory approvals, the proposed transfer from CGUK to Yealand is expected to be completed on 31 January 2024. The ACD will be sending further investor communication in this regard in due course.

# The Authorised Corporate Director's ("ACD") Report continued

### Dealing Net Asset Valye (NAV) per share

The Dealing NAV per share for CG Kernow Equity Navigator Fund for the period from 1 April 2022 to 30 June 2023 is seen in the table below:

| Share Class | 30 June 2023<br>Pence | Increase / (Decrease)<br>% |
|---|---|---|
| Share Class A Accumulation | 82.30 | (17.70) |

### Base Currency:

The base currency of the Company is Pound Sterling.

### Share Capital:

The minimum Share Capital of the Company is £1 and the maximum is £100,000,000,000. Shares in the Company have no par value. The Share Capital of the Company at all times equals the Net Asset Value of the Fund.

### Directors' Certification

This report has been prepared in accordance with the requirements of the FCA's Collective Investment Schemes Sourcebook ("COLL") 4.5.8BR and the FCA's Investment Funds Sourcebook ("FUND"), as issued and amended by the FCA. We hereby certify and authorise for issue, the Annual Report and Audited Financial Statements on behalf of the Directors of Carne Global Fund Managers (UK) Limited.

The Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the Annual Report and Audited Financial Statements as the assets of the Company consist predominantly of securities that are readily realisable, and accordingly, the Company has adequate resources to continue in operational existence for at least the next twelve months from the approval of this Annual Report and Audited Financial Statements.

DocuSigned by:

Robin Cotterill

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**Carne Global Fund Managers (UK) Limited Limited**

**25 October 2023**

# Statement of the Authorised Corporate Director's ("ACD") Responsibilities

The Authorised Corporate Director ("ACD") of CG Kernow Investment Funds ICVC ("the Company") is responsible for preparing the Annual Audited Financial Statements in accordance with the Open-Ended Investment Companies Regulations 2001 ("the OEIC Regulations"), the FCA's Collective Investment Schemes Sourcebook ("COLL"), the FCA's Investment Funds Sourcebook ("FUND") and the Company's Instrument of Incorporation.

The OEIC Regulations and COLL require the ACD to prepare Financial Statements for each annual accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the "Statement of Recommended Practice: Financial Statements of UK Authorised Funds" issued by the Investment Association ("IA SORP") in May 2014 as amended in June 2017; and
- give a true and fair view of the financial position of the Company and its Fund as at the end of that period and the net revenue and the net capital losses on the property of the Company and its Fund for that period.

In preparing the Financial Statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the IA SORP have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the applicable IA SORP and United Kingdom Accounting Standards and applicable law. The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with COLL 4.5.8BR, the Annual Report and the Audited Financial Statements were approved by the Board of Directors of the ACD of the Company and authorised for issue on 25 October 2023.

# CG Kernow Equity Navigator Fund

## A Fund of CG Kernow Investment Funds ICVC

### Investment Objective and Policy

The Fund aims to provide an absolute return by way of a positive return in any market conditions over rolling three year periods. The Fund has a target benchmark which is set at 4% per annum which is equivalent to the performance fee's hurdle rate (subject to the high watermark).

There is no guarantee of a positive return over the rolling three year period, or any other time period, and capital is at risk.

The Fund is actively managed with long and short positions investing solely in companies listed in the UK. These companies may have significant economic exposure outside of the UK.

A long position may be held directly by investing in the underlying equities or synthetically (i.e. not through direct investment in underlying equities) through the use of derivatives. The majority of the Fund's long exposure will be through direct investment and only in exceptional market conditions could this be below 50% of the Fund. A short position will be held synthetically using derivatives.

The Fund is not constrained by any index, sector weightings or market capitalisation and may be invested in a concentrated number of securities with a bias towards certain sectors from time to time. The portfolio of the Fund is concentrated, holding at least 20 long positions and up to 20 short positions (i.e. between 20 – 40 positions at any one time).

The Fund will seek investment opportunities across all market capitalisations and sectors, however, investee companies will have a market capitalisation of at least £100m at the time of investment.

The Fund will use derivatives for achieving the investment objective as well as for efficient portfolio management purposes (including the hedging of risk). The Fund may at any one time be significantly exposed to financial derivative instruments, including total return swaps and contracts for difference.

The Fund may hold cash or near cash from time to time, in addition to cash allocated as cover for its derivatives obligations.

The minimum long investment positions referenced above will not apply under extraordinary market conditions, in which circumstances the Fund may temporarily invest largely or wholly in gilts, cash or near cash in order to mitigate its exposure to market risk. Examples of extraordinary market conditions include economic, political unrest or instability, world events leading to market instability or closure of a relevant market(s).

### Investment Manager's Review
### for the period ended 30 June 2023

The past year has been marked by a series of events that have significantly impacted global markets. The combination of post-pandemic adjustments in consumer and industrial behaviour, heightened geopolitical tensions, a war in Europe, and volatile energy prices have created a challenging environment for investors across all major asset classes and geographies.

In the UK equity market, the first half of the year (Calendar Year H2 2022) saw a notable rout that affected mid and small-cap companies, while larger-cap companies experienced stuttered gains. The fortunes of various sectors diverged significantly, with Real Estate and Technology sectors suffering, while Energy and Healthcare sectors performed relatively well. Regarding investment style, there was modest positive gross performance across styles. Value and profitability metrics showed efficacy, while sentiment and growth metrics delivered less favourable results.

The second half of our financial year (Calendar Year H1 2023) began on a bullish note in January and February, with retailers reporting record Christmas sales, declining energy prices, and positively revised GDP figures. However, this optimism was overshadowed by a US banking crisis in March that had spillover effects on European markets, including the UK, where the financial services sector suffered.

April and May proved to be tumultuous months, with negative news affecting various markets. Chinese luxury goods sales declined for the first time since their post-Covid rebound, and there were uncertainties regarding the debt ceiling increase in the USA. However, there were also positive indicators for the UK, with the IMF dramatically upgrading UK GDP growth expectations and retail sales in April exceeding expectations.

The three obvious worries for the next 6 months to a year are that (1) a Chinese slowdown causes a global recession, (2) US interest rate rises, along with a withdrawal of stimulus from other central banks, happen too quickly for the global economy and (3) there is some form of Eurozone breakdown possibly precipitated by elections or economic instability in Greece.

An interesting development in June was the record-breaking trading volumes executed in the end-of-day trading auction . The UK stock market saw around 50% of trading volume executed in the last ten minutes of the trading day, reflecting the increasing dominance of passive and systematic factor-based funds in the markets. The competition between these funds and high-touch fundamental investors creates new challenges and opportunities in the investment landscape.

Inflation was a constant topic of conversation throughout the period. Still, there are clear signs in major markets, including the UK, that inflation is finally declining.

One notable development in 2023 was the emergence of ChatGPT, which ignited interest and excitement in the artificial intelligence sector. While the UK has lower-quality listed tech companies compared to the US that might be able to take advantage, it does present us with potential short opportunities for those established businesses that fail to adapt to the AI revolution.

Looking back at the period to June 2023, it is evident that a mix of global events and market dynamics has created a complex and volatile investment environment. Investors have had to navigate through uncertainties, but opportunities have also arisen for those willing to adapt and seize them. As the world continues to evolve, market participants will need to remain vigilant and adaptive to stay ahead in this ever-changing landscape.

In line with these challenging market conditions, the Fund's NAV decreased by 17.7% during the period, but volatility remained within the expected range for the strategy. The volatility of the Fund since inception has been 14.0%. Our focus remains on the idiosyncratic characteristics of the holdings in the portfolio, and overall, the outcomes were satisfactory for the period.

**Kernow Asset Management Limited**
**25 October 2023**

# CG Kernow Equity Navigator Fund

## continued

**Launch date**
1 April 2022

**Accounting dates**
31 December (Interim)
30 June (Final)

### Risk and Reward Indicator (RRI)

Lower Risk ← → Higher Risk

Typically Lower Rewards — Typically Higher Rewards

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

- The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward.
- The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on historical data, may change over time and may not be a reliable indication of the future risk profile of the Fund.
- The shaded area of the table above shows where the Fund ranks in terms of its potential risk and reward based on historical data.
- Historical data may not be a reliable indicator of the Fund's future risk profile.
- The risk category shown is not guaranteed and may change over time.
- The lowest category does not mean "risk free".
- The Fund is ranked 6 because weekly historical performance data indicates that it has experienced significant rises and falls in market prices historically.
- The following risks are material in addition to the risks captured by the indicator above:
- Counterparty Risk: The Fund can conclude various transactions with contractual partners. If a contractual partner becomes insolvent, it can no longer or can only partly settle unpaid debts owed to the Fund.
- Market Risk: External factors can cause an entire asset class to decline in value which would result in a decrease in the value of investments.
- Currency Risk: As the Fund invests in global securities and collective investment schemes that invest in global securities, movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.
- Derivatives Risk: Investment in derivatives may result in gains or losses that are greater than the original amount invested.
- Concentration Risk: The Fund may hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- An extended explanation of the risks associated with an investment in the Fund is set out in the Company's Prospectus.

# CG Kernow Equity Navigator Fund

## continued

### Comparative Tables

| Period ending:<br>**Class A Accumulation Shares** | **30/06/2023***<br>**(pence per share)** |
|---|---|
| **Change in net assets per Share** | |
| Opening net asset value per share | 100.00 |
| Return before operating charges | (16.15) |
| Operating charges | (1.55) |
| Return after operating charges | (17.70) |
| Distributions | (0.66) |
| Retained distributions on accumulation shares | 0.66 |
| **Closing net asset value per Share** | 82.30 |
| After direct transaction costs of | 0.49 |
| **Performance** | |
| Return after charges | (17.70%) |
| **Other information** | |
| Closing net asset value (£) | 6,461,569 |
| Closing number of Shares | 7,851,437 |
| Operating charges[1] | 1.75% |
| Performance fee[2] | 0.00% |
| Direct transaction costs | 0.55% |
| **Prices** | |
| Highest Share price | 100.59 |
| Lowest Share price | 80.53 |

[1] The Investment Manager of the CG Kernow Equity Navigator Fund has undertaken to absorb any costs (excluding the effect of the performance fee) that would otherwise cause the Fund to have operating expenses in excess of 1.75%. This excludes performance fees and portfolio transaction costs.

[2] Performance fee: There was no Performance fee applied for the period under review.

### Performance Fee

The Performance Fee will be calculated and accrued daily but will only become payable annually in arrears in respect of each discrete period of twelve months ending on 30 June in each year ('the Annual Calculation Period'), except for the first year which will be from the launch of the Fund to 30 June 2023. The Performance Fee will accrue daily as if each day were the end of the Annual Calculation Period.

The amount of Performance Fee payable in respect of each Calculation Period is a Sterling amount equivalent to the product of (a) the Opening NAV (b) the excess performance over 4% (the 'Hurdle Rate') (c) the Performance Fee (15%) and, (d) the weighted average number of Shares in issue during the Calculation Period.

Full details can be found in the Prospectus.

*CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

# CG Kernow Equity Navigator Fund

## continued

### Portfolio Statement
### As at 30 June 2023

| Holdings or Nominal Value | Investments | Market value £ | % of Total Net Assets |
|---|---|---|---|
| | **Equities 41.69%** | | |
| | **Basic Materials 5.48%** | | |
| 171,000 | Centamin | 155,867 | 2.41 |
| 300,187 | Petra Diamonds | 198,123 | 3.07 |
| | | 353,990 | 5.48 |
| | **Communication Services 1.59%** | | |
| 67,776 | M&C Saatchi | 103,020 | 1.59 |
| | | 103,020 | 1.59 |
| | **Energy 5.60%** | | |
| 21,283 | Harbour Energy | 48,653 | 0.75 |
| 79,000 | Hunting | 157,526 | 2.44 |
| 74,000 | Serica Energy | 155,548 | 2.41 |
| | | 361,727 | 5.60 |
| | **Financial Services 21.25%** | | |
| 168,000 | CMC Markets | 258,384 | 4.00 |
| 27,000 | Hiscox | 294,300 | 4.55 |
| 378,000 | Metro Bank | 449,820 | 6.96 |
| 310,000 | Saga | 370,760 | 5.74 |
| | | 1,373,264 | 21.25 |
| | **Industrials 7.77%** | | |
| 510,938 | Amedeo Air Four Plus | 241,163 | 3.73 |
| 134,842 | Galliford Try Holdings | 261,054 | 4.04 |
| | | 502,217 | 7.77 |
| | **Fixed Interest 55.03%** | | |
| | **Government Bonds 55.03%** | | |
| £250,000 | UK Treasury Bill 0% 10/07/23 | 249,760 | 3.87 |
| £300,000 | UK Treasury Bill 0% 17/07/23 | 299,418 | 4.63 |
| £300,000 | UK Treasury Bill 0% 31/07/23 | 298,836 | 4.63 |
| £400,000 | UK Treasury Bill 0% 07/08/23 | 398,076 | 6.16 |
| £400,000 | UK Treasury Bill 0% 14/08/23 | 397,668 | 6.15 |
| £300,000 | UK Treasury Bill 0% 16/10/23 | 295,425 | 4.57 |
| £250,000 | UK Treasury GILT 0.75% 22/07/23 | 249,410 | 3.86 |
| £230,000 | UK Treasury GILT 2.25% 07/09/23 | 228,728 | 3.54 |
| £300,000 | UK Treasury GILT 1.00% 22/04/24 | 289,731 | 4.48 |
| £330,000 | UK Treasury GILT 2.75% 07/09/24 | 319,853 | 4.95 |
| £250,000 | UK Treasury GILT 0.25% 31/01/25 | 230,670 | 3.57 |
| £300,000 | UK Treasury GILT 5.00% 07/03/25 | 298,518 | 4.62 |
| | | 3,556,093 | 55.03 |

# CG Kernow Equity Navigator Fund

## continued

### Portfolio Statement (continued)
### As at 30 June 2023

| Holdings or Nominal Value | Investments | Market value £ | % of Total Net Assets |
|---|---|---|---|
| | **Derivatives 0.04%** | | |
| | **Contract for Difference (CFD) 0.04%** | | |
| (698,394) | AFC Energy - CFD | 279 | 0.00 |
| (101,140) | Avacta Group - CFD | 1,517 | 0.02 |
| 51,340 | Aviva - CFD | (51) | 0.02 |
| (25,000) | Baltic Classifieds Group - CFD | 900 | 0.01 |
| 7,500 | British American Tobacco - CFD | (38) | 0.00 |
| 51,434 | Centamin - CFD | 0 | 0.00 |
| (87,107) | ConvaTec Group - CFD | 0 | 0.00 |
| (28,000) | Darktrace - CFD | 0 | 0.00 |
| 205,000 | Dr Martens - CFD | 0 | 0.00 |
| 86,030 | Frasers Group- CFD | (430) | -0.01 |
| (30,886) | Future - CFD | 0 | 0.00 |
| 73,854 | Galliford Try Holdings - CFD | (739) | -0.01 |
| 58,750 | Harbour Energy - CFD | 0 | 0.00 |
| (259,408) | Helios Towers - CFD | 259 | 0.00 |
| 16,164 | Hiscox - CFD | (162) | 0.00 |
| 34,702 | Hunting - CFD | - | 0.00 |
| (110,000) | ITM Power - CFD | - | 0.00 |
| 320,000 | ITV - CFD | - | 0.00 |
| 57,000 | M&C Saatchi - CFD | - | 0.00 |
| 151,604 | Metro Bank - CFD | - | 0.00 |
| 29,769 | Mondi - CFD | - | 0.00 |
| (71,079) | Ocado Group Plc - CFD | - | 0.00 |
| (125,596) | Oxford Nanopore Technologies - CFD | - | 0.00 |
| (24,415) | Pensionbee Group - CFD | 244 | 0.00 |
| 29,121 | Petra Diamonds - CFD | (291) | 0.00 |
| (80,000) | RWS Holdings - CFD | - | 0.00 |
| (125,709) | S4 Capital - CFD | - | 0.00 |
| 30,000 | Saga - CFD | - | 0.00 |
| 31,014 | Serica Energy - CFD | (62) | 0.00 |
| (843,339) | SolGold - CFD | 337 | 0.01 |
| (74,862) | Trainline - CFD | - | 0.00 |
| (119,000) | Trustpilot Group - CFD | 60 | 0.00 |
| (15,700) | Victoria - CFD | - | 0.00 |
| 36,211 | Yellow Cake - CFD | - | 0.00 |
| (2,500) | WANdisco - CFD | - | 0.00 |
| | | 1,823 | 0.04 |

# CG Kernow Equity Navigator Fund

## continued

### Portfolio Statement (continued)
### As at 30 June 2023

| Holdings or Nominal Value | Investments | Market value £ | % of Total Net Assets |
|---|---|---|---|
| | **Portfolio of investments** | 6,252,134 | 96.76 |
| | **Net other assets** | 209,435 | 3.24 |
| | **Net assets** | 6,461,569 | 100.00 |

The investments have been valued in accordance with note 1(i) of the Accounting Policies and Financial Instruments.

CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

Gross purchases for the period 1 April 2022 to 30 June 2023: £11,389,903 (See Note 15).

Total sales net of transaction costs for the period 1 April 2022 to 30 June 2023: £4,235,728 (See Note 15).

# CG Kernow Equity Navigator Fund

## continued

### Statement of Total Return
### For the period ended 30 June 2023

| | Notes | 01/04/22 to 30/06/23* | |
|---|---|---|---|
| | | £ | £ |
| **Income** | | | |
| Net capital losses | 2 | | (1,042,810) |
| Revenue | 3 | 150,114 | |
| Expenses | 4 | (105,807) | |
| Interest paid and similar charges | 5 | (4,926) | |
| Net revenue before taxation for the period | | 39,381 | |
| Taxation | 6 | - | |
| Net revenue after taxation for the period | | | 39,381 |
| Total return before distributions | | | (1,003,429) |
| Distributions** | 7 | | (39,379) |
| Change in Shareholders' funds from investment activities | | | (1,042,808) |

### Statement of Change in Net Assets Attributable to Shareholders
### For the period ended 30 June 2023

| | Note | 01/04/22 to 30/06/23* | |
|---|---|---|---|
| | | £ | £ |
| **Opening net assets attributable to Shareholders** | | | - |
| Amounts received on issue of Shares | | 7,465,973 | |
| Less: Amounts paid on cancellation of Shares | | (13,565) | |
| | | | 7,452,408 |
| Change in net assets attributable to Shareholders from investment activities (see above) | | | (1,042,808) |
| Retained distribution on accumulation Shares | 7 | | 51,969 |
| **Closing net assets attributable to Shareholders** | | | 6,461,569 |

*CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

** The figure shown is the sum of distributions, revenue received on the issue of units and revenue deducted on the cancellation of units.

# CG Kernow Equity Navigator Fund

## continued

### Balance Sheet
### As at 30 June 2023

| | Notes | 30/06/23* £ |
|---|---|---|
| **ASSETS** | | |
| Fixed assets | | |
| Investments | | 6,253,907 |
| Current assets | | |
| Debtors | 8 | 129,320 |
| Cash and bank balances | 9 | 246,548 |
| Total assets | | 6,629,775 |
| **LIABILITIES** | | |
| Investment liabilities | | (1,773) |
| Creditors | | |
| Bank overdrafts | 11 | (19) |
| Other creditors | 10 | (166,414) |
| Total liabilities | | (168,206) |
| **Net assets attributable to Shareholders** | | **6,461,569** |

*CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

# CG Kernow Equity Navigator Fund

## continued

### Accounting Policies and Financial Instruments for the period 1 April 2022 to 30 June 2023

1. **Accounting Basis And Policies**

**(a) Basis of accounting**

The Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 "The Financial Reporting Standards Applicable in the UK and Republic of Ireland" and the "Statement of Recommended Practice: Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014 and amended in June 2017.

As described in the Certification of Financial Statements by Directors of the ACD on page 10, the ACD continues to adopt the going concern basis in the preparation of the Financial Statements of the Fund.

The preparation of Financial Statements in accordance with FRS 102 requires the ACD to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. As at 30 June 2023, there were no significant judgement or estimates involved in the determination of the values of assets and liabilities reported in these Financial Statements.

**(b) Realised and unrealised gains and losses**

Realised gains or losses have been calculated as the proceeds from disposal less book cost.

Unrealised gain/losses are calculated with reference to the original recorded value of the asset or liability, and only the element of gain/loss within the accounting period is recorded in the Financial Statements. All unrealised and realised gains are capital in nature and do not form part of the Fund's distributable income.

All foreign currency transactions are recorded using an exchange rate from the effective date of the transaction (e.g. the trade date of a trade, the ex-div date of a dividend, or the date of a currency disposal).

Central Securities Depositaries Regulation (CSDR) entered into force in 2014 with an objective of improving securities settlements in the European Union. One of the cornerstones of the CSDR is the introduction of an obligation on Central Securities Depositaries (CSDs) to impose cash penalties on participants to their securities systems that cause settlement failures. The cash penalties may be accounted for as an expense or income (if the 3rd party was responsible for the failure of trade settlement). The CSDR penalties will be reimbursed by the Investment Manager as necessary to ensure that the Fund will not suffer undue costs.

**(c) Recognition of revenue**

Dividends on quoted equities and preference Shares are recognised when the securities are quoted ex-dividend and are recognised net of attributable tax credits.

Revenue from debt securities is accounted for on a straight line amortisation basis. Accrued interest on purchase and sale contracts is recognised as revenue and transferred to revenue or capital as appropriate.

Interest on bank and other cash deposits is recognised on an accruals basis.

All revenue includes withholding taxes but excludes irrecoverable tax credits.

Returns on derivative transactions have been treated as either revenue or capital depending on the motives and circumstances on acquisition.

**(d) Treatment of stock and special dividends**

The ordinary element of stock dividends received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. The tax treatment follows the treatment of the principal amount.

## Accounting Policies and Financial Instruments (continued)
## for the period 1 April 2022 to 30 June 2023

### 1. Accounting Basis And Policies (continued)

**(e) Treatment of expenses**

Expenses of the Fund are charged against revenue except for costs associated with the purchase and sale of investments which are allocated to the capital of the Fund.

Expenses are recorded on an accrual basis but the Fund may incur additional allowable expenses which are charged as and when they are incurred.

**(f) Allocation of revenue and expenses to multiple Share Classes**

Any revenue or expenses not directly attributable to a particular Share Class will normally be allocated pro-rata to the net assets of the relevant Share Classes. Currently CG Kernow Equity Navigator Fund has only one share class, A Accumulation.

**(g) Taxation**

Tax is provided for using tax rates and laws which have been enacted or substantively enacted at the balance sheet date.

Corporation tax is provided for on the income liable to corporation tax less deductible expenses.

Where tax has been deducted from revenue that tax can, in some instances, be set off against the corporation tax payable, by way of double tax relief.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

**(h) Distribution policy**

The net revenue after taxation, as disclosed in the Financial Statements, after adjustment for items of a capital nature, is distributable to Shareholders as dividend distributions. Any revenue deficit is deducted from capital.

In addition, the portfolio transaction charges will be charged wholly to the capital of the Fund. Accordingly, the imposition of such charges may constrain the capital growth of the Fund.

The ACD has elected to pay all revenue less expenses charged to revenue and taxation as a final distribution at the end of the annual accounting period.

**(i) Basis of valuation of investments**

Listed investments are valued at close of business bid prices excluding any accrued interest in the case of fixed interest securities, on the last business day of the accounting period.

Market value is defined by the SORP as fair value which is the bid value of each security.

The value of derivative contracts is calculated with reference to the price/value of the underlying asset(s) and other relevant factors such as interest rates and volatility.

All investments are recognised and derecognised on trade date, and any trades that occur between valuation point and close of business are included in the Financial Statements.

Non-observable entity specific data is only used where relevant observable market data is not available. Typically this category will include single broker-priced instruments, suspended/unquoted securities, private equity, unlisted close-ended funds and open-ended funds with restrictions on redemption rights.

## Accounting Policies and Financial Instruments (continued)
## for the period 1 April 2022 to 30 June 2023

**1. Accounting Basis And Policies (continued)**

**(j) Exchange rates**

Transactions in foreign currencies are recorded in Sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into Sterling at the closing mid market exchange rates ruling on that date.

**(k) Dilution Adjustment**

The ACD may require a dilution adjustment on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution adjustment may be charged in the following circumstances: where the scheme property is in continual decline; on a Fund experiencing large levels of net sales relative to its size; on 'large deals'; in any case where the ACD is of the opinion that the interests of remaining Shareholders require the imposition of a dilution adjustment.

**(l) Equalisation**

Equalisation applies only to Shares purchased during the distribution period (Group 2 Shares). It represents the accrued revenue included in the purchase price of the Shares.

After averaging it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the Shares for Capital Gains tax purposes.

**(m) Derivatives**

The Fund may enter into permitted transactions such as derivative contracts or forward foreign currency transactions. Where these transactions are used to protect or enhance revenue, the revenue and expenses are included within net revenue in the Statement of Total Return.

Where the transactions are used to protect or enhance capital, the gains/losses are treated as capital and included within gains/losses on investments in the Statement of Total Return. Any open positions in these types of transactions at the period end are included in the Balance Sheet at their mark to market value.

Total return swaps (contracts for difference) are exercised by the Fund. Total return swaps are agreements under which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the total return (including both the income it generates and any capital gains) of an underlying asset (for example, an individual equity). In this way, a party can gain the economic exposure of the underlying asset without actually owning that asset.

The Fund is permitted to enter into securities lending transactions but does not currently do so.

**2. Derivatives and other financial instruments**

Management of risk is a critical responsibility of the ACD in managing the Company.

The Fund for which Carne Global Fund Managers (UK) Limited acts as ACD is exposed to a wide range of risks. The purpose of the ACD's Risk Management Policy ("RMP") is to identify these risks and document the controls and processes in place to manage and mitigate these risks. The specific risks to the Fund is documented in sections (a) to (i) below and are reviewed on a regular basis.

The control environment on which the ACD's RMP has been developed is based on six key characteristics:

(i) Commitment, from senior management and all employees, to a control ethic based on competence and integrity.

(ii) Identification and evaluation of risks and control objectives.

(iii) Control and information procedures that identify and capture relevant and reliable data to monitor risks within pre-determined limits.

(iv) Formal procedures for monitoring, reporting, escalation and remedial follow-up action.

(v) An independent and permanent risk management function in regards to portfolio management.

(vi) An independent and permanent risk management function in regards to the firm.

## Accounting Policies and Financial Instruments (continued) for the period 1 April 2022 to 30 June 2023

**2. Derivatives and other financial instruments (continued)**

In pursuing the investment objectives a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

The main risks from the Company's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed below:

**(a) Foreign currency risk**

A significant portion of the Company's assets in which the Company invests may be denominated in a currency other than the base currency of the Company or Class. There is the risk that the value of such assets and/or the value of any distributions from such assets may decrease if the underlying currency in which assets are traded falls relative to the base currency in which Shares of the relevant Fund are valued and priced.

The Company is not required to hedge its foreign currency risk, although it may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that the Company does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of the Company's assets and revenue could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the Company in circumstances where no such hedging transactions are undertaken.

**(b) Interest rate risk profile of financial assets and liabilities**

The interest rate risk is the risk that the value of the Company's investments will fluctuate due to changes in the interest rate. Cashflows from floating rate securities, bank balances, or bank overdrafts will be affected by the changes in interest rates. As the Company's objective is to seek capital growth, these cashflows are considered to be of secondary importance and are not actively managed.

The Company did not have any long term financial liabilities at the balance sheet date.

**(c) Credit risk**

The Company may find that companies in which it invests fail to settle their debts on a timely basis. The value of securities issued by such companies may fall as a result of the perceived increase in credit risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

**(d) Liquidity risk**

Subject to the Regulations, the Company may invest up to and including 20% of the Scheme Property of the Company in transferable securities which are not approved securities (essentially transferable securities which are admitted to official listing in an EEA state or traded on or under the rules of an eligible securities market). Such securities and instruments are generally not publicly traded, may be unregistered for securities law purposes and may only be able to be resold in privately negotiated transactions with a limited number of purchasers. The difficulties and delays associated with such transactions could result in the Company's inability to realise a favourable price upon disposal of such securities, and at times might make disposal of such securities and instruments impossible. To the extent the Company invests in securities and instruments the terms of which are privately negotiated, the terms of such securities and instruments may contain restrictions regarding resale and transfer.

In addition, certain listed securities and instruments, particularly securities and instruments of smaller capitalised or less seasoned issuers, may from time to time lack an active secondary market and may be subject to more abrupt or erratic price movements than securities of larger, more established companies or stock market averages in general. In the absence of an active secondary market the Company's ability to purchase or sell such securities at a fair price may be impaired or delayed.

## Accounting Policies and Financial Instruments (continued)
## for the period 1 April 2022 to 30 June 2023

**2. Derivatives and other financial instruments (continued)**

**(e) Market price risk**

The Company invests principally in equities. The value of these investments are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual equity or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Manager seeks to minimise these risks by holding a diversified portfolio of equity in line with the Company's objectives. In addition, the management of the Company complies with the FCA's COLL sourcebook, which includes rules prohibiting a holding greater than 35% of assets in any one Fund.

**(f) Counterparty risk**

Transactions in securities entered into by the Company give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. The Investment Manager minimises this risk by conducting trades through only the most reputable counterparties.

Counterparty risk is also managed by limiting the exposure to individual counterparties through adherence to the investment spread restrictions included within the Company's prospectus and COLL.

**(g) Operational risk**

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot eliminate operational risks but, through the continual review and assessment of its control environment, by monitoring and responding to potential risks, they can be managed.

High level controls include effective segregation of duties, trade confirmation checking and reconciliation procedures, incident reporting and oversight of delegated functions.

**(h) Leverage**

In accordance with the COLL Sourcebook and the IA SORP, as ACD we are required to disclose any leverage of the Fund. Leverage is defined as any method by which the Fund increases its exposure through borrowing or the use of derivatives (calculated in accordance with the commitment method approach (AIFMR article 8)) divided by the net asset value.

The Fund's exposure is defined with reference to the 'Commitment' method. Commitment method exposure is calculated as the sum of all positions of the Fund, after netting off derivative and security positions and is disclosed within the Financial Statements Note 15(d).

**(i) Fair value of financial assets and financial liabilities**

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

# CG Kernow Equity Navigator Fund

## continued

### Notes to the Financial Statements
### for the period ended 30 June 2023

1. **Accounting Basis And Policies**

The Funds' Financial Statements have been prepared on the basis detailed on pages 21 to 23.

2. **Net capital losses**

| | 01/04/22 to 30/06/23* £ |
|---|---|
| Net capital losses during the period comprise: | |
| Commission & other charges | (83,690) |
| Realised currency losses | (1,040) |
| Realised losses on non-derivative securities | (427,645) |
| Ticket charges | (260) |
| Transaction charges | (5,400) |
| Unrealised losses on non-derivative securities | (524,775) |
| **Total net capital losses** | (1,042,810) |

3. **Revenue**

| | 01/04/22 to 30/06/23* £ |
|---|---|
| Bank interest | 7,909 |
| Interest from Debt Securities | 11,526 |
| Overseas dividends | 10,259 |
| UK dividends | 120,420 |
| **Total revenue** | 150,114 |

*CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

# CG Kernow Equity Navigator Fund

## continued

### Notes to the Financial Statements (continued)
### for the period ended 30 June 2023

| 4. **Expenses** | **01/04/22 to 30/06/23*** |
|---|---|
| | **£** |
| **Payable to the ACD, associates of the ACD, and agents of either of them** | |
| Administration charge | 23,134 |
| Annual Management Charge (AMC) fees | 66,341 |
| Investment Manager Subsidy | (109,351) |
| Registration fees | 5,423 |
| | (14,453) |
| **Payable to the Depositary, associates of the Depositary, and agents of either of them** | |
| Depositary's fees | 18,313 |
| Safe custody fees | 16,959 |
| | 35,272 |
| **Other expenses** | |
| Alternative Investment Fund Managers Directive (AIFMD) Annex IV Reporting fee | 7,543 |
| Audit fees** | 12,720 |
| European MiFID Template (EMT) fee | 1,905 |
| FCA Application fee | 3,000 |
| FCA fees | 330 |
| Legal fees | 3,666 |
| LEI Licence fee | 624 |
| Price publication fee | 1,200 |
| Set-up costs | 54,000 |
| | 84,988 |
| **Total expenses** | 105,807 |

** Audit fees of £10,600 + VAT have been charged for the period 1 April 2022 to 30 June 2023.

| 5. **Interest paid and similar charges** | **01/04/22 to 30/06/23*** |
|---|---|
| | **£** |
| Bank Charges | 4,926 |
| **Total Interest paid and similar charges** | 4,926 |

*CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

# CG Kernow Equity Navigator Fund
## continued

### Notes to the Financial Statements (continued)
### for the period ended 30 June 2023

**6. Taxation**

| | 01/04/22 to 30/06/23* £ |
|---|---|
| **(a) Analysis of the tax charge in the period** | |
| Corporation tax | - |
| **Total current tax charge (Note 6 (b))** | - |
| Deferred tax (Note 6 (c)) | - |
| **Total taxation for the period** | - |

**(b) Factors affecting current tax charge for the period**

The tax assessed for the period is different from that calculated when the standard rate of corporation tax for an open ended investment company of 20% (2022: 20%) is applied to the net revenue before taxation

The differences are explained below:

| | 01/04/22 to 30/06/23* £ |
|---|---|
| Net revenue before taxation | 39,381 |
| Net revenue for the period multiplied by the standard rate of corporation tax | 7,876 |
| **Effects of:** | |
| Movement in excess management expenses | 18,260 |
| Revenue not subject to corporation tax | (26,136) |
| **Total tax charge for the period** | - |

OEIC's are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Provision for deferred tax**

There is no provision required for deferred taxation at the balance sheet date in the current period.

**(d) Factors that may affect future tax charges**

At the period end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £18,260 in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the period.

*CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

### Notes to the Financial Statements (continued)
### for the period ended 30 June 2023

**7. Finance costs**

**Distributions**

The distributions take account of revenue received on the issue of Shares and revenue deducted on the cancellation of Shares and comprise:

| | 01/04/22 to 30/06/23* £ |
|---|---|
| Final | 51,969 |
| Add: Revenue paid on cancellation of Shares | 71 |
| Deduct: Revenue received on issue of Shares | (12,661) |
| **Net distribution for the period** | 39,379 |

**Reconciliation of net revenue after taxation to distributions**

| | |
|---|---|
| Net revenue after taxation | 39,381 |
| Net movement in revenue account | (2) |
| **Net distribution for the period** | 39,379 |

Details of the distributions per Share are set out in the distribution table on page 35.

| **8. Debtors** | **30/06/23* £** |
|---|---|
| Accrued bank interest | 220 |
| Accrued revenue | 23,428 |
| Amounts receivable for creation of Shares | 6,090 |
| Interest receivable on debt securities | 10,883 |
| Investment Manager's rebate due | 61,199 |
| Sales awaiting settlement | 27,500 |
| **Total debtors** | 129,320 |

| **9. Cash and bank balances** | **30/06/23* £** |
|---|---|
| Cash and bank balances | 1,520 |
| Amount held at futures clearing houses and brokers | 245,028 |
| **Total cash and bank balances** | 246,548 |

*CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

## Notes to the Financial Statements (continued)
## for the period ended 30 June 2023

**10. Creditors**

| | 30/06/23* |
|---|---|
| | £ |
| Purchases awaiting settlement | 113,760 |
| | 113,760 |
| *Accrued expenses* | |
| *ACD and Agents* | |
| Administration charge | 5,500 |
| Annual Management Charge (AMC) fees | 10,917 |
| Registration fees | 1,500 |
| | 17,917 |
| *Depositary and Agents* | |
| Depositary fees | 4,500 |
| Safe custody fees | 4,125 |
| Transaction charges | 5,000 |
| | 13,625 |
| *Other accrued expenses* | |
| Audit fees | 12,720 |
| Bank charges | 2,821 |
| European MiFID Template (EMT) fee | 375 |
| FCA fees | 330 |
| Legal fees | 3,666 |
| Price publication fee | 1,200 |
| | 21,112 |
| **Total creditors** | 166,414 |

**11 Bank overdrafts**

| | 30/06/23* |
|---|---|
| | £ |
| Amounts overdrawn at futures clearing houses and brokers | 19 |
| **Total bank overdrafts** | 19 |

**12. Related party transactions**

The total ACD periodic charges paid to the ACD, Carne Global Fund Managers (UK) Limited, are shown in note 4 and amounts due at period end are disclosed in note 10.

The monies received and paid by the ACD through the issue and cancellation of Shares are disclosed in the Statement of Change in Shareholders' Net Assets and amounts due at the period end are disclosed in notes 8 and 10.

The ACD and its associates (including other authorised investment funds managed by the ACD) have no Shareholdings in the Company at the period end.

**Significant Shareholdings**

Carne Global Fund Managers (UK) Limited, as the Fund's Authorised Corporate Director, wishes to disclose to the Fund's Shareholders that 36.88% of the Fund's shares in issue are under the control of a single nominee and its related parties.

*CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

## Notes to the Financial Statements (continued)
## for the period ended 30 June 2023

**13. Share Classes**

The Share Class and ACD's Annual Management Charges applicable to the Fund are as follows:

| **Share Class** | % |
|---|---|
| A Accumulation | 1.00 |

Each Share Class has equal rights in the event of the wind up of any Fund.

The reconciliation of the number of Shares for the period 1 April 2022 to 30 June 2023 is shown below:

| | **Class A Accumulation Shares** |
|---|---|
| Shares created | 7,866,921 |
| Shares cancelled | (15,484) |
| **Closing shares** | 7,851,437 |

**14. Contingent assets, liabilities and outstanding commitments**

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date.

**15. Derivatives and other financial instruments**

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 2 on pages 23 to 25.

**(a) Foreign currency risk**

The table below shows the foreign currency risk profile at the balance sheet date:

| | **Net foreign currency assets** | | |
|---|---|---|---|
| **Currency** | **Monetary exposures** | **Non-monetary exposures** | **Total** |
| | **£** | **£** | **£** |
| **30/06/23*** | | | |
| Euro | 7,180 | - | 7,180 |
| South African Rand | (19) | - | (19) |
| US Dollar | 2,343 | - | 2,343 |
| **Total foreign currency exposure** | 9,504 | - | 9,504 |
| Pound Sterling | 199,931 | 6,252,134 | 6,452,065 |
| **Total net assets** | 209,435 | 6,252,134 | 6,461,569 |

If GBP to foreign currency exchange rates had strengthened/increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £866. If GBP to foreign currency exchange rates had weakened/decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £1,058. These calculations assume all other variables remain constant.

*CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

### Notes to the Financial Statements (continued)
### for the period ended 30 June 2023

**15. Derivatives and other financial instruments (continued)**

**(b) Interest rate risk profile of financial assets and liabilities**

The table below shows the interest rate risk profile at the balance sheet date:

| Currency<br>Assets | Floating rate financial assets<br>£ | Financial assets not carrying interest<br>£ | Total<br>£ |
|---|---|---|---|
| **30/06/23*** | | | |
| Euro | 7,180 | - | 7,180 |
| Pound Sterling | 237,025 | 6,383,227 | 6,620,252 |
| US Dollar | 2,343 | - | 2,343 |
| **Total** | 246,548 | 6,383,227 | 6,629,775 |

| Currency<br>Liabilities | Floating rate financial liabilities<br>£ | Financial liabilities not carrying interest<br>£ | Total<br>£ |
|---|---|---|---|
| **30/06/23*** | | | |
| Pound Sterling | - | 168,187 | 168,187 |
| South African Rand | 19 | - | 19 |
| **Total** | 19 | 168,187 | 168,206 |

Changes in interest rates would have no material impact to the valuation of floating rate financial assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

**(c) Market Risk**

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by the amounts set out in the table below.

If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by the amounts set out in the table below.

These calculations have been applied to non-derivative securities only (see note 2 (h) for an explanation of the Fund's leverage during the period). These calculations assume all other variables remain constant.

| | Increase<br>£ | Decrease<br>£ |
|---|---|---|
| 2023* | 625,213 | 625,213 |

**(d) Leverage**

The Fund leverage as calculated in accordance with the commitment method approach (AIFMR article 8) was 187.36% leverage as at 30 June 2023.

*CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

### Notes to the Financial Statements (continued)
### for the period ended 30 June 2023

**15. Derivatives and other financial instruments (continued)**

**(e) Credit Risk**

The Fund is exposed to credit risk through the credit quality of the investments it holds. The table below shows the credit quality of the investments held in the portfolio.

| | 30/06/23* |
|---|---|
| | £ |
| Investment grade securities | 3,556,093 |
| **Total Fixed Interest exposure** | 3,556,093 |

The principal Counterparty risk entering into derivative contracts is credit risk, with the potential failure of the counterparty to honour its obligations when they are due. As at 30 June 2023 the Fund's derivative exposure is 0.04%.

**16. Portfolio transaction costs**

| | | 01/04/22 to 30/06/23* |
|---|---|---|
| | £ | £ |
| **Analysis of total purchase costs** | | |
| Purchases in period before transaction costs | | |
| Equities | | 6,985,486 |
| Bonds | | 4,376,018 |
| | | 11,361,504 |
| Commissions - Equities | 28,399 | |
| Total purchase costs | | 28,399 |
| **Gross purchase total** | | 11,389,903 |
| **Analysis of total sale costs** | | |
| Gross sales in period before transaction costs | | |
| Equities | | 3,387,216 |
| Bonds | | 850,000 |
| | | 4,237,216 |
| Commissions - Equities | (1,488) | |
| Total sale costs | | (1,488) |
| **Total sales net of transaction costs** | | 4,235,728 |

The portfolio transaction costs table above includes direct transaction costs suffered by the Fund during the period.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the Fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Fund's investment transactions in debt instruments any applicable transaction charges form part of the dealing spread for these instruments.

*CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

## Notes to the Financial Statements (continued)
## for the period ended 30 June 2023

### 16. Portfolio transaction costs (continued)

| | 01/04/22 to 30/06/23* |
|---|---|
| **Transaction costs as percentage of principal amounts** | **%** |
| Purchases - Commissions | |
| Equities | 0.4065% |
| Sales - Commissions | |
| Equities | 0.0439% |

| | 01/04/22 to 30/06/23* |
|---|---|
| **Transaction costs as percentage of average net asset value** | **%** |
| Commissions | 0.5538% |

*CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

### 17. Post balance sheet events

There are no post balance sheet events which require adjustments at the period end.

### 18. Fair value hierarchy disclosure

An analysis of the portfolio (excluding cash equivalents) in accordance with the fair value hierarchy is shown below:

| 30/06/23* | Assets £ | Liabilities £ |
|---|---|---|
| Level 1 | 6,250,311 | - |
| Level 2 | 3,596 | (1,773) |
| Level 3 | - | - |
| | 6,253,907 | (1,773) |

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability**

** The valuation techniques and the ACD's policy is disclosed in note 1(i) on page 22.

*CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

# CG Kernow Equity Navigator Fund

## continued

### Distribution Table
### for the period ended 1 April 2022 to 30 June 2023

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

Equalisation is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the 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.

**Final Distribution in pence per Share**

**Share Class A Accumulation Shares**

| | Net revenue (p) | Equalisation (p) | Distribution payable 31/08/2023* (p) |
|---|---|---|---|
| Group 1: | 0.6619 | - | 0.6619 |
| Group 2: | 0.1862 | 0.4757 | 0.6619 |

*CG Kernow Equity Navigator Fund was launched 1 April 2022, therefore there are no comparatives.

# Statement of the Depositary's Responsibilities in respect of the Scheme

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 Financial Services and Markets Act 2000 (together, the "Regulations") and 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 cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, 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 Authorised Corporate Director 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.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed and operated by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook (the "COLL Sourcebook"), the Company's Instrument of Incorporation, and the Prospectus, as appropriate, concerning: the pricing of and dealing in shares in the Company; the application of income of the Company; and the investment and borrowing powers of the Company.

# Report of the Depositary to the Shareholders of CG Kernow Investment Funds ICVC (the "Company")

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Depositary of the Company, based on information and explanations provided, we consider that, in all material respects, the Company, acting through the Authorised Corporate Director:

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

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

DocuSigned by:
Alyson Yule
2CFB8E6555724C9...

**European Depositary Bank SA, London Branch, London**

**25 October 2023**

# Independent Auditors' Report to the Shareholders of CG Kernow Investment Funds ICVC

## Report on the audit of the financial statements

### Opinion

In our opinion the Financial Statements of CG Kernow Investment Funds ICVC (the "company"):

- give a true and fair view of the financial position of the company and its sub-fund as at 30 June 2023 and of the net revenue and the net capital losses on the property of the company and its sub-fund for the period from 1 April 2022 to 30 June 2023; and

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

We have audited the financial statements which comprise for the sub-fund:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the distribution tables; and
- the collective and related individual notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014, as amended in June 2017, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's (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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the 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 contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of Depositary and ACD

As explained more fully in the depositary's responsibilities statement and the ACD's responsibilities statement, the depositary is responsible for the safeguarding the property of the company and 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the company 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.

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the ACD about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

# Independent Auditors' Report to the Shareholders of CG Kernow Investment Funds ICVC continued

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

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

• had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Collective Investment Schemes Sourcebook and relevant tax legislation; and

• do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Open-Ended Investment Companies Regulations 2001.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments due to its significance to the net asset values of the sub-fund. In response we have: involved our financial instruments specialists to assess the applied valuation methodologies; agreed investment holdings to independent confirmations; and agreed investment valuations to reliable independent sources.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

• reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

• performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

• enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

• reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the FCA.

**Report on other legal and regulatory requirements**

**Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook**

In our opinion:

• proper accounting records for the company and the sub-fund have been kept and the Financial Statements are in agreement with those records;

• we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and

• the information given in the Annual Report for the period ended 30 June 2023 is consistent with the Financial Statements.

# Independent Auditors' Report to the Shareholders of CG Kernow Investment Funds ICVC

## continued

**Use of our report**

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

Deloitte LLP

**Deloitte LLP**
**Statutory Auditor**
**Glasgow, United Kingdom**

**25 October 2023**

# Directory

| | |
|---|---|
| **The Open-Ended Investment Company** | CG Kernow Investment Funds ICVC<br>85 Gresham Street,<br>London, EC2V 7NQ |
| **Registered in England and Wales** | IC066148 and authorised and regulated by the Financial Conduct Authority. |
| **The Authorised Corporate Director ("ACD")** | Carne Global Fund Managers (UK) Limited<br>85 Gresham Street,<br>London, EC2V 7NQ<br>Authorised and regulated by the Financial Conduct Authority. |
| **Investment Manager** | Kernow Asset Management Limited<br>1st Floor Great Stable,<br>Trelowarren,<br>Helston,<br>Cornwall, TR12 6AF<br>Authorised and regulated by the Financial Conduct Authority. |
| **The Administrator and Fund Accountant** | Apex Fund and Corporate Services (UK) Limited<br>6th Floor,<br>125 London Wall,<br>London, EC2Y 5AS |
| **The Registrar** | Investor Administation Solutions Limited<br>Cedar House,<br>3 Cedar Park,<br>Cobham Road,<br>Wimbourne,<br>Dorset, BH21 7SB |
| **The Depositary** | European Depositary Bank SA, London Branch<br>6th Floor,<br>125 London Wall,<br>London, EC2Y 5DN<br>Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. |
| **Sub-Custodian** | Citibank, N.A., London Branch<br>Citigroup Centre,<br>Canada Square,<br>Canary Wharf,<br>London, E14 5LB<br>Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. |
| **Independent Auditors** | Deloitte LLP<br>Statutory Auditor<br>110 Queen Street,<br>Glasgow, G1 3BX |

# The CG Kernow Investment Funds ICVC Assessment of Value

## Introduction

CG Kernow Investment Funds ICVC ("the Company") is an investment company with variable capital ("ICVC") incorporated in England and Wales under registered number IC066148 and authorised by the Financial Conduct Authority ("FCA"), with effect from 21 February 2022 and with a launch date of 1 April 2022. The Company has an unlimited duration. The Company is a non-UCITS retail scheme ("NURS").

Carne Global Fund Managers (UK) Limited ("Carne"), a company authorised and regulated by the FCA has been appointed as Authorised Corporate Director (the "ACD") to the Company.

The company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the FCA. Currently, the is only one sub-fund, CG Kernow Equity Navigator Fund (the "Fund").

## Overview

Our Assessment of Value ("AoV") process for determining if a fund has delivered value to its investors, involves examining various aspects of a fund's operation. We consider relevant inputs and sources of information, on each of the seven value assessment criteria listed below. If we determine that improvements are necessary, we will determine the actions required and monitor the activity undertaken to remedy the issues identified.

The AoV has been completed based on the performance data of the Fund from its inception up to 30 June 2023.

We provide this assessment on a holistic basis, which includes reviewing those services provided directly by delegates, including those provided by Kernow Asset Management Limited (the "Investment Manager").

It is the responsibility of our board of directors to consider the outcomes of these assessments, ensure they are clear and fair, and to communicate to the investors, if we have delivered value or, if not, identify next steps to implement improvement.

## Our assessment criteria

In line with FCA requirements we have assessed the following criteria:

1. Quality of service
2. Performance
3. Management costs
4. Economies of scale
5. Comparable market rates
6. Comparable services
7. Classes of units

Our assessment of value process utilises data gathered across our range of funds under management and utilisation of external market data, where applicable.

# The CG Kernow Investment Funds ICVC Assessment of Value continued

## Executive summary

As at the date of this report the Company had only one active sub-fund, launched as per the table below and summary of findings are as follows:

| Fund name | Review Period | Assessment |
|---|---|---|
| CG Kernow Equity Navigator Fund | 1 April 2022 - 30 June 2023 | |

The outcome of our assessment on the various criteria is included in this report for the Fund, together with relevant explanations and any actions being taken or necessary. With the ACD services due to transfer to Yealand Fund Services Ltd (subject to approval) in the current period, we will share our conclusions with them, so they can oversee any pending actions.

The table below provides a summary of our assessment, using a traffic light system rating.

**Assessment Key:**

| | |
|---|---|
| | Delivered value |
| | Delivered value but potential action/monitoring required |
| | Fund has not provided value for investors |
| | It's not possible to provide a definitive conclusion or not applicable |

| | CG Kernow Equity Navigator Fund |
|---|---|
| **Quality of service** | |
| **Performance** | |
| **Management Costs** | |
| **Economies of Scale** | |
| **Comparable market rates** | |
| **Comparable services** | |
| **Classes of units** | |

In relation to investment performance, the Fund has delivered a material negative return. This is not consistent with the peer group, as each comparable fund delivered a positive total return in the equivalent period.

It is important to emphasise that whilst, for most criteria we have sufficient information and data, to make a meaningful assessment, in the case of assessing of investment performance we have not reached the investment horizon of 3 years. However, the investment performance is unlikely to be consistent with the stated investment objective.

Based on our assessment of the various criteria we conclude that, overall, the Fund has not delivered value, and particular action is required on fund performance.

# The CG Kernow Investment Funds ICVC Assessment of Value continued

## 1. Quality of service

***Are we satisfied that the quality of service being provided to the Fund represents value to investors?***

We examined the service we provide by considering a number of key aspects including the investment process, client experience and fund operations, to determine the quality of the service delivered.

- *Investment management:* the effectiveness of the process is validated through a number of governance processes and committees. Where any part of the service has been delegated, all service providers are leading companies in their specialised areas and have demonstrated a satisfactory quality of service. For each Investment Manager we look at the breadth of knowledge and expertise, including their portfolio managers, research analysts, support teams, investment processes and disciplines together with ongoing communications and engagement with the Fund's investor base. Liquidity and risk are also reviewed and controlled by internal processes to ensure the Fund remains aligned to their objectives and within the parameters set out in the Fund's prospectus.

- *Risk management:* Carne applies standard risk management procedures and governance processes across all liquid strategies. We employ a market leading solution, (MSCI's RiskMetrics) to analyse the fund's portfolio on a daily basis. In addition, we examine all operational issues with may effect individual funds and impact the quality of service provided to investors. Detailed due diligence is performed on all delegates and actions are promptly followed up and remediated where required.

- *Fund operations:* Carne, through our delegates, aim to ensure that all operations of the fund are executed accurately and efficiently. Key Performance Indicators (KPIs) are monitored continually by Carne to ensure compliance with regulatory requirements and stability and effective operations. The Fund is serviced by a leading global service provider. This is demonstrated through quality and timely delivery to Carne and underlying investors.

- *Client experience:* client service is an important part of the service provided and we ensure that any communications are relevant, current and tailored to a client's needs to ensure clarity about the funds and the associated risks. We also monitor the quality of investor communications, including the frequency and delivery/distribution methods of these communications.

  • The Investment Manager provides market and investment insights via regular factsheets and research pieces. It also maintains contact with its investors through virtual and in-person meetings and email correspondence.

  • The Fund has not suffered any significant redemptions. This highlights the effectiveness of communication of investment strategy to its investors.

  • There were no client complaints in the period.

During the period reviewed the other operational service providers have consistently met the standards we have set for them including with respect to portfolio trades, investor deals, communications, reporting, timely and accurate calculation of prices, breach reporting and handling.

| | | |
|---|---|---|
| ***Conclusion:*** | | The Fund is serviced to a high standard |
| ***Next steps:*** | We will continue to closely monitor the quality of service of the Fund over the course of the year. | |

# The CG Kernow Investment Funds ICVC Assessment of Value continued

## 2. Performance

### *Are these funds delivering on their investment objectives?*

As part of the AoV process we review the performance of the Fund, net of costs and charges, to determine if the Fund has met or is on target to meet its objective regarding performance.

We have compared the Fund's performance against its stated objective and a bespoke peer group. This peer group has been selected by the Investment Manager based on funds that have a similar investment objective and investment policy to the Fund. The peer group has been reviewed and validated by the ACD. Given, the relative uniqueness of the Fund's strategy, we have included funds in the peer group that are domiciled outside of the UK and hence, may not be available to the Fund's investors.

Net returns (i.e. after costs and charges) for the Fund for the period from launch to 30th June 2023 were as follow:

| | **CG Kernow Equity Navigator Fund** |
|---|---|
| **Net return** | -17.45% |
| **Peer Group Comparison (average)** | 2.89% |
| **Peer Group Comparison (median)** | 4.63% |

In the 1.2 years since the Fund was launched, the Fund has posted an annualised loss of 16% per annum and all the rolling one-year rates of return of the Fund are negative. The Fund has also underperformed its peer group over the review period. In the context of the Fund's stated investment objective: it is too early to conclude as to whether the Fund will achieve its investment objective.

The risk level[1] at which the Fund has been operated, 14% per annum over the 1.2 year period since its launch, is not consistent[2] with the target benchmark in the stated investment objective.

Past performance is not a reliable indicator of future results.

| | | |
|---|---|---|
| ***Conclusion:*** | | In the 1.2 years since the Fund was launched, the fund has posted an annualised loss of 16% per annum. In the context of the investment objective, it is too early to definitively conclude as to whether the Fund will achieve its investment objective. |
| ***Next steps:*** | We have commenced dialogue with the Investment Manager to better understand their risk management and investment process and on how they expect to deliver on the Fund's investment objective. | |

[1] Risk is measured as the annualised standard deviation of daily returns.

[2] Assuming a ratio of [annualised return]/[annualised risk], Sharpe ratio with zero risk free rate of interest, we would expect the Fund to return in excess of 4% per annum.

# The CG Kernow Investment Funds ICVC Assessment of Value continued

## 3. Management costs

### *Are the fees charged to investors for management costs reasonable*

Here we review the costs charged to the Funds and compare them to the costs of operating them. Costs of the Funds comprise two principal elements:

- The Annual Management Charge ("AMC") covers our fees as ACD and those fees we pay to the Investment Manager – this is a fixed % of the fund size.
- Other third-party costs related to operation and administration including fund accounting, transfer agency, custody, audit, regulatory fees – this is typically a fixed minimum fee, plus a variable element dependant on transaction volumes and/or as % of the fund size.

These two elements are sometimes referred to in the aggregate as a % of fund size as the ongoing charges figure ("OCF").

The fees we receive (and that paid to Investment Manager) is derived by financial considerations over the life of the Fund including the following:

- Actual and forecast cost of providing our services over the long term and taking account of reasonably foreseeable economic scenarios, including economic downturns
- Projections of fund growth
- Costs of ongoing upgrading of our systems and processes
- Ensuring that we remain well capitalised
- Delivering a reasonable return to our shareholders

In respect of operational costs, the ACD seeks to leverage off the relationships that our parent group have in order to obtain competitive rates from third party providers.

It is typical that when funds are small and sub-scale the fixed cost element of the administration costs may have a disproportionate and unfair impact on fees and charges borne by the investor. To mitigate this impact the Investment Manager has made a commercial decision to "cap" the impact of the administration costs on the OCF through a voluntary subsidy. The effect of these various costs, taking account of the voluntary subsidy, is shown in the tables below.

| Costs | Class A |
|---|---|
| Annual Management Charge (AMC) | 1.00% |
| Other Expenses (voluntary capping) | 0.75% |
| **Total OCF** | **1.75%** |

| | | |
|---|---|---|
| ***Conclusion:*** | | The total fees paid to the ACD and Investment Manager offer very good value to investors. |
| ***Next steps:*** | We will continue to closely monitor the costs of managing the Fund. | |

## 4. Economies of Scale

### *Have the economies of scale been realised and have savings been passed on to investors?*

The Fund can generate economies of scale as it grows, as the relative costs of managing the Fund decrease as the size of the Fund grows. We have considered whether the Fund achieves economies of scale. We have considered this assessment at Fund level so we can assess whether there are potential economies of scale in the fund and whether or not these have been achieved in practice.

The Funds has completed its first full year of operation but is still very small in size and sub-scale. However due to the voluntary expense cap in place the investor does not bear the burden of the small size of assets under management ("AuM"). We believe that Fund needs to scale up significantly before we can consider whether scale discounts by way of reduction of the costs and charges borne by the investor can reasonably be expected.

| | **CG Kernow Equity Navigator Fund** |
|---|---|
| **AUM - 30 June 2023** | GBP 6.5m |

| | | |
|---|---|---|
| ***Conclusion:*** | | We believe that we are unable to meaningfully conclude if the Fund offers value with respect to economies of scale due to the small size of AUM and the impact of the voluntary OCF Cap. |
| ***Next steps:*** | We will continue to closely monitor to determine where economies of scale can be achieved and whether the cost to investors continues to provide value for money. | |

# The CG Kernow Investment Funds ICVC Assessment of Value continued

## 5. Comparable market rates

### *Is the Fund priced reasonably compared to other competitor strategies?*

We examined the AMC and OCF of the Fund by comparing it against the AMC and OCF of similar funds offered by other funds under management of the ACD and a customised Peer Group. We used the methods below to compare the charges of our funds against the relevant share class type of similar funds.

Class charges were examined in the following ways:

1. We have assessed the share class against other funds or accounts managed the ACD and the Investment Manager.
2. Customised peer group based on data sourced from FE fundinfo.
3. An internal assessment of charges which is based on our pricing framework and with a view to ensuring that our pricing is fair.

| | CG Kernow Equity Navigator Fund | Peer Group Median/Average |
|---|---|---|
| **Share Class** | GBP Accumulating | |
| **AMC** | 1.00% | 1.00% / 1.10% |
| **OCF** | 1.75% | 1.20% / 1.37% |

All operational fees are paid out of the Fund, noting that there is voluntary OCF cap. Should the above fees and operational expenses of the Fund exceed the OCF Cap, the additional expenses shall be borne by the Investment Manager.

| | | |
|---|---|---|
| ***Conclusion:*** | | We found that Fund's AMC is competitive, especially, given that the costs of managing the Fund (ACD and IM) are substantially higher than aggregate AMC generated in the period. However, the OCF, despite the Investment Manager's subsidy is one of the highest amongst the Peer Group. This is predominately driven by the disproportionate fixed costs drag, due the to the Fund being sub-scale. |
| ***Next steps:*** | Continue to monitor that costs are priced reasonably compared to their peers. | |

## 6. Comparable services

### *Is the Fund priced reasonably compared to other products with similar strategies?*

Comparable services is an internally focused assessment against other sub-funds whereas comparable market rates is an externally focused assessment against external competitor peer funds. We reviewed internal products that have similar investment objective, investment policies and similar assets under management.

Here we consider the overall fees paid to the ACD/Investment Manager and to review how these compare to other similar funds managed by Carne/Investment Manager.

The ACD's fee is structured as an ad-valorum basis points charge that reduces as the Fund's AuM reaches certain thresholds. This fee is subject to an annual minimum fee. This structure is comparable to other funds the ACD operates.

The Investment Manager currently does not manage any other comparable strategy.

| | | |
|---|---|---|
| ***Conclusion:*** | 🟢 | The ACD fees charged to Fund are comparable to other funds it operates. |
| ***Next steps:*** | Continue to monitor that costs are priced reasonably. | |

## 7. Classes of units

### *Are the investors in the most appropriate and lowest -charging unit classes for which they are eligible?*

The Fund has only 1 active GBP Accumulating share class which currently incurs a fixed OCF as described above in (5).

| | | |
|---|---|---|
| ***Conclusion:*** | ⚪ | N/A |
| ***Next steps:*** | Not applicable | |

## Appendix I – Fund and investment objective

| | |
|---|---|
| **CG Kernow Equity Navigator Fund** | The Fund aims to provide an absolute return by way of a positive return in any market conditions over rolling three-year periods. The Fund has a target benchmark which is set at 4% per annum which is equivalent to the performance fee's hurdle rate (subject to the high watermark). |

For more information, contact: acd.operations@carnegroup.com carne