

## **YFS Kernow Investment Funds ICVC**

Interim Report including long form financial statements  
for the six months ended 31 December 2025

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## Authorised status

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YFS Kernow Investment Funds ICVC (the 'Company') is an authorised umbrella Investment Company with Variable Capital ('ICVC') under regulation 12 (Authorisation) of the Open-Ended Investment Companies Regulations 2001 and is managed in accordance with the Investment Funds Sourcebook ('FUND') and Collective Investment Scheme Sourcebook (the 'COLL Sourcebook') issued by the Financial Conduct Authority ('FCA'). Currently there is just one Sub-fund available for investment, YFS Kernow Equity Navigator but there may be other Sub-funds made available in the future.

The individual Sub-fund (the 'Sub-fund') is a Non-UCITS Retail Scheme ('NURS') which complies with the requirements of the FCA FUND and the COLL Sourcebook, including the extended investment and borrowing powers in Chapter 5.

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

Shareholders are not liable for the debts of the Company.

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

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In accordance with the requirements of a NURS which complies with the FCA FUND and COLL Sourcebooks and in accordance with COLL 4.5.8B R, I hereby approve the report on behalf of Yealand Fund Services Limited for the six months ended 31 December 2025.



*Rob Leedham*  
On behalf of Yealand Fund Services Limited,  
the Authorised Corporate Director  
27 February 2026

## Notes to the financial statements (unaudited) as at 31 December 2025

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### Accounting policies

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

The financial statements have been prepared on the going concern basis.

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 30 June 2025.

## Sub-fund information

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### Investment objective and policy

The Sub-fund aims to provide an absolute return by way of a positive return in any market conditions over rolling three year periods. The Sub-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 Sub-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 Sub-fund's long exposure will be through direct investment and only in exceptional market conditions could this be below 50% of the Sub-fund. A short position will be held synthetically using derivatives.

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

The Sub-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 Sub-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).

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

### Comparator benchmark

The Investment manager does not use any benchmark to determine, limit or constrain how the Sub-fund's portfolio is constructed and managed for the achievement of its objectives.

However, the Sub-fund has a target benchmark, which is the 4% Hurdle Rate, used in respect of the performance fee.

## Sub-fund information

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### Investor profile

The Sub-fund is suitable for investors who are interested in specialised equity markets and who are aware of the risks. Investors must have experience with volatile products and be able to accept high temporary losses. The Sub-fund is suitable for investors who can afford to set aside the invested capital for at least five years and who already have a widely diversified portfolio. Minimum investment criteria for this Sub-fund are further detailed below.

### Investment manager

The investment manager of the Sub-fund is Kernow Asset Management Limited.

### Distribution

All shareholders own accumulation shares, which entitle them to a share in any allocation of income made by the Sub-fund. Distribution dates are at the end of February and end of August for income accrued as at 31 December and 30 June respectively.

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

### Annual management charge ('AMC')

The annual charge is 1.00% on Class A Shares per annum at the reporting date which includes the ACD and Investment manager fee. The administration fee is charged at 0.08% for the first £100m, reducing on a sliding scale based on the Net Asset Value ('NAV') size (subject to a £26,050 minimum fee).

### Performance fee charge

In addition to the investment management fee, the Investment manager is entitled to charge a performance fee to be taken from the scheme property of the Sub-fund.

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.

## Investment manager's report six months ended 31 December 2025

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Our contrarian strategy remained focused on uncovering high-quality UK-listed companies with asymmetric return potential. Through rigorous bottom-up research we pursued opportunities across both long and short positions while maintaining a disciplined investment process.

Over the six-month period, notable winners included Saga, Secure Trust Bank, and Galliford Try Holdings. The short book provided more of a drag on performance than in previous periods.

In July 2025, the strategy rose 0.9% despite a sharp rally in low-quality 'junk' stocks that pressured the short book, while core longs such as Burberry, Galliford Try Holdings and Saga continued to execute ahead of expectations.

In August 2025, the portfolio declined 0.4% as markets anticipated November tax changes, triggering volatility that validated the Sub-fund's defensive short positions. Offsetting this, Metro Bank Holdings and Secure Trust Bank strengthened the long thesis as regulatory developments materially improved capital and valuation outlooks.

September 2025 saw the strategy deliver a strong 4.7% return as UK equities enjoyed their best summer since 2016, with Saga and Wise emerging as standout contributors on improving fundamentals and clear re-rating potential. The month reinforced Kernow's preference for mispriced quality assets over crowded thematic trades, despite losses on a contrarian copper short.

The portfolio fell 0.8% in October 2025 as markets dismissed private credit risks and rotated aggressively into UK large caps, leaving the Sub-fund's mid and small-cap bias temporarily out of favour. Stock-specific positives, including Hollywood Bowl's record trading and our selective Initial Public Offering ('IPO') participation, supported confidence that uncertainty would lift into year-end.

In November 2025, the strategy gained 0.7%, successfully navigating the UK Budget while benefiting from strong performance in Currency Management Corporation ('CMC') Markets and effective execution of short positions in structurally broken businesses. New positions, including a potential early-stage turnaround at Diageo, reflected a continued focus on asymmetric opportunities as valuation discipline returned to the market.

December 2025, the strategy gained 4.0% as Saga and Secure Trust Bank made positive contributions, offset by a profit warning for Card Factory.

During the period, we exited our positions in Adriatic Metals following its takeover, Mondi after its strategy failed to meet our expectations, and Deliveroo upon its acquisition.

We initiated positions in The Magnum Ice Cream Company following its spin-out from Unilever, Diageo, as its valuation became increasingly compelling, and The Beauty Tech, after its IPO.

For the half year, the Sub-fund's Net Asset Value ('NAV') increased 9.3%. Our differentiated, high-conviction approach delivered robust results, and we remain focused on identifying compelling opportunities within a concentrated, research-led portfolio.

*Kernow Asset Management Limited  
5 January 2026*

## Net asset value and shares in issue

for the six months ended 31 December 2025

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	Net asset value (‘NAV’)	Shares in issue	Net asset value per share	Operating charges*
Accumulation shares	£18,818,198	15,403,254	122.17p	1.29%

*All prices quoted are based on bid price*

\*The operating charges are based on the average NAV in the period and the annualised operating costs of the Sub-fund. The expected future ongoing charges of the Sub-fund are 1.22%.

### Non-UCITS Retail Scheme Key Investor Information (‘NURS-KII’) risk and reward profile

The numerical risk and reward indicator as published in the latest NURS-KII document is in category 5 (30.06.2025: category 6).

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

### Assessment of value report

We are required to undertake a formal review of the Company in order to assess the value which shareholders are receiving from their investments. This assessment considers elements such as the fees which are paid, the quality of services provided and the investment performance obtained.

We are required to publish a report which summarises the outcome of the review and, if relevant, to take steps to address any instances of poor value.

We assess the value of each Yealand Fund at regular intervals, linked to the accounting dates of each Yealand Fund. The most recently available Assessment of value report specific to each Yealand Fund can be obtained from the Yealand website, via the document link on each respective Fund page <https://yealand.com/funds/>.

**Portfolio statement**  
as at 31 December 2025

Holding	Investment	Market value £'000	% of total net assets
<b>DEBT SECURITIES - 7.24% (10.26%)</b>			
<b>Sterling Denominated Bonds - 7.24% (10.26%)</b>			
£250,000	UK Treasury 0.125% 30/01/2026	249	1.33
£300,000	UK Treasury 4.125% 29/01/2027	301	1.60
£400,000	UK Treasury 4.25% 07/12/2027	405	2.15
£400,000	UK Treasury 4.5% 07/06/2028	407	2.16
<b>TOTAL DEBT SECURITIES</b>		<b>1,362</b>	<b>7.24</b>
<b>EQUITIES - 89.35% (84.74%)</b>			
<b>United Kingdom - 89.35% (84.74%)</b>			
773,090	Amedeo Air Four Plus	510	2.71
25,000	The Beauty Tech	72	0.38
4,091	Berkeley	160	0.85
101,000	Burberry	1,282	6.81
1,035,971	Card Factory	701	3.73
582,100	CMC Markets	1,738	9.24
3,750	Diageo	60	0.32
30,943	Foresight Group Holdings	132	0.70
104,320	Frasers	707	3.76
330,696	Galliford Try Holdings	1,720	9.14
17,800	Hiscox	253	1.34
277,644	Hollywood Bowl	764	4.06
130,000	ITV	107	0.57
892,000	Kistos Holdings	1,561	8.30
15,000	The Magnum Ice Cream Company	177	0.94
1,489,275	Metro Bank Holdings	1,793	9.53
467,378	Saga	1,830	9.72
143,731	Secure Trust Bank	1,789	9.51
163,500	Wise	1,457	7.74
<b>TOTAL EQUITIES</b>		<b>16,813</b>	<b>89.35</b>
<b>FUTURES AND DERIVATIVES - -2.29% (-1.62%)</b>			
<b>Contract for Difference* - -2.29% (-1.62%)</b>			
-10,000	Antofagasta	(52)	(0.28)
-80,000	ASOS	(32)	(0.17)
-290,000	Avacta	74	0.39
23,000	BH Macro	-	-
18,680	British American Tobacco	(39)	(0.21)
33,529	Burberry	43	0.23
324,100	Card Factory	(99)	(0.53)
-20,000	Close Brothers	(14)	(0.07)
-82,651	ConvaTec	(6)	(0.03)

**Portfolio statement**  
as at 31 December 2025  
*continued*

Holding	Investment	Market value £'000	% of total net assets
<b>FUTURES AND DERIVATIVES - -2.29% (-1.62%) - continued</b>			
<b>Contract for Difference* - -2.29% (-1.62%) - continued</b>			
5,000	Diageo	(7)	(0.04)
-4,000	Diploma	(1)	(0.01)
-292,323	FirstGroup	(42)	(0.22)
145,000	Frasers	(132)	(0.70)
-60,000	Grainger	2	0.01
-90,000	Hammerson	(3)	(0.02)
18,164	Hiscox	15	0.08
-238,000	Ibstock	(14)	(0.07)
-234,000	International Workplace	1	0.01
80,000	ITV	-	-
-68,000	Melrose Industries	5	0.03
-306,079	Ocado	(162)	(0.86)
-310,611	Oxford Nanopore Technologies	45	0.24
-22,000	Raspberry Pi	6	0.03
-54,400	Vistry	9	0.05
-39,000	WH Smith	15	0.08
35,500	Wise	4	0.02
-159,000	WPP	(58)	(0.31)
-17,000	Zegona Communications	12	0.06
<b>TOTAL FUTURES AND DERIVATIVES</b>		<b>(430)</b>	<b>(2.29)</b>
<b>Portfolio of investments</b>		<b>17,745</b>	<b>94.30</b>
<b>Net other assets</b>		<b>1,073</b>	<b>5.70</b>
<b>Net assets</b>		<b>18,818</b>	<b>100.00</b>
<b>Summary portfolio of investments</b>		<b>Market value £'000</b>	<b>% of investments</b>
Debt securities		1,362	7.68
Equities		16,813	94.74
Futures and derivatives		(430)	(2.42)
<b>Portfolio of investments</b>		<b>17,745</b>	<b>100.00</b>

Figures in brackets refer to the proportion of the Sub-fund invested in the equivalent investments as at 30 June 2025.

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

\*Negative Contract for Difference amounts are netted off against positive derivative returns.

**Statement of total return (unaudited)**  
for the six months ended 31 December 2025

	31 December 2025		31 December 2024	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		1,481		1,147
Revenue	178		169	
Expenses	(226)		(75)	
Net (expense)/revenue before taxation	(48)		94	
Taxation	-		-	
Net (expense)/revenue after taxation		(48)		94
Total return before distributions		1,433		1,241
Distributions		9		(94)
Change in net assets attributable to shareholders from investment activities		1,442		1,147

**Statement of change in net assets attributable to shareholders (unaudited)**  
for the six months ended 31 December 2025

	31 December 2025		31 December 2024	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		13,262		7,154
Amounts receivable on issue of shares	4,257		1,099	
Amounts payable on cancellation of shares	(143)		(5)	
		4,114		1,094
Change in net assets attributable to shareholders from investment activities (see above)		1,442		1,147
Retained distribution on accumulation shares		-		106
Closing net assets attributable to shareholders		18,818		9,501

**Balance sheet (unaudited)**  
as at 31 December 2025

	<b>31 December 2025</b>	<b>30 June 2025</b>
	<b>£'000</b>	<b>£'000</b>
<b>Assets:</b>		
Investments	18,406	12,770
<b>Current assets</b>		
Debtors	91	194
Cash and bank balances	1,133	809
	<u>1,224</u>	<u>1,003</u>
<b>Total assets</b>	<b><u>19,630</u></b>	<b><u>13,773</u></b>
<b>Liabilities:</b>		
Investment liabilities	(661)	(386)
<b>Creditors</b>		
Other creditors	(151)	(125)
<b>Total liabilities</b>	<b><u>(812)</u></b>	<b><u>(511)</u></b>
<b>Net assets attributable to shareholders</b>	<b><u><u>18,818</u></u></b>	<b><u><u>13,262</u></u></b>

**Distribution table**  
for the six months ended 31 December 2025  
in pence per share

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**Accumulation shares**

**Interim dividend\***

Group 1 shares - Shares purchased prior to 1 July 2025

Group 2 shares - Shares purchased from 1 July 2025 to 31 December 2025

	Net revenue	Equalisation	Allocation on 27 February 2026	Allocated on 28 February 2025
Group 1	-	-	-	1.1749
Group 2	-	-	-	1.1749

\*As there is a net deficit of income for the period from 1 July 2025 to 31 December 2025, no dividend has been declared.

**Equalisation**

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

## General information

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### Buying and selling shares

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

The Sub-fund is valued weekly at 12:00 p.m. on Thursday, or where this is not a business day, on the following business day. The prices calculated at these valuations will determine the price at which your deal is transacted. The Sub-fund is priced on a forward basis, i.e. all deals struck before the 12:00 p.m. valuation point receive prices calculated at that valuation point.

The current Sub-fund prices are available online at [www.yealand.com](http://www.yealand.com) (together with yield information) or at the registered office of the ACD. The full report and accounts are available free of charge on request from the ACD.

The published price is not subject to an initial charge on the creation price. The ACD, at its discretion, may waive the initial charge in full for purchases of shares. In this case, the shares are thus purchased at the published price.

The ACD may vary the initial charge up to the maximum by giving the Depositary notice of the change and amending the Prospectus.

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

The minimum initial investment in the Sub-fund is £50,000. There is no minimum subsequent investment size. Shares may be purchased or sold by telephoning 0345 850 0255 or writing to: Yealand Fund Services Limited, Fountain Suite B, Lynch Wood Park, Lynch Wood, Peterborough, Cambridgeshire, PE2 6FZ. For your protection calls are recorded.

A contract note will be issued to confirm any sale of shares with payment being issued on the third business day following the pricing of the sale and all necessary renunciation documentation being received by the ACD.

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

### ACD's approach to dilution

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

### Revenue

The Sub-fund offers accumulation shares which entitle shareholders to a share in any distribution of the revenue made by the Sub-fund, less expenses and applicable taxation, provided they retain those shares until and including the Sub-fund's dividend dates on 31 December and 30 June each year. Any revenue will be allocated to shareholders at the end of February and August each year.

### Tax

#### Capital gains

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

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

#### Income tax

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

UK resident individuals are taxed on the sum of their distributions in excess of the tax free dividend allowance of £500. Basic rate taxpayers pay 8.75% income tax on dividends received in excess of the dividend allowance, higher rate taxpayers pay 33.75% income tax, and additional rate taxpayers pay 39.35% income tax. The dividend allowance is not available to Trusts.

Potential investors are advised to seek professional advice.

## General information

*continued*

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### Tax - continued

#### Corporate holders

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

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

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

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

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

#### Protected Cell Regime

On 21 December 2011, the Protected Cell Regime was introduced for umbrella ICVC's. The effect of this segregated liability is to ring-fence the assets of each Sub-fund of the Company. If the assets attributable to any Sub-fund are insufficient to meet its liabilities, the shortfall will not be met out of the assets attributable to any other Sub-fund of the umbrella company.

#### Further information

Further details of the Sub-fund is included in the Prospectus, which is available upon request from: Yealand Fund Services Limited, Fountain Suite B, Lynch Wood Park, Lynch Wood, Peterborough, Cambridgeshire, PE2 6FZ.

## Directory

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

Yealand Fund Services Limited  
Fountain Suite B  
Lynch Wood Park  
Lynch Wood  
Peterborough  
Cambridgeshire  
PE2 6FZ

Tel: 0345 850 0255

Fax: 01733 286833

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

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

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

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

Yealand Fund Services Limited  
Fountain Suite B  
Lynch Wood Park  
Lynch Wood  
Peterborough  
Cambridgeshire  
PE2 6FZ

Tel: 0345 850 0255

Fax: 01733 286833

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

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

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

### **Investment manager**

Kernow Asset Management Limited  
1st Floor  
Great Stable  
Trelowarren  
Helston  
Cornwall  
TR12 6AF

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

### **Depositary**

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

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

### **Auditor**

Moore Kingston Smith LLP  
6th Floor  
9 Appold Street  
London  
EC2A 2AP