

**VT DOWNING INVESTMENT FUNDS ICVC**  
**(Sub-fund VT Downing Small & Mid-Cap Income Fund)**

**Annual Report and Financial Statements**  
**For the year ended 31 March 2024**

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## COMPANY OVERVIEW

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**Type of Company:** VT Downing Investment Funds ICVC is an investment company with variable capital incorporated in England and Wales under registered number IC000824, with Product Reference Number 521374, and authorised by the Financial Conduct Authority with effect from 04 June 2010. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company.

## STATEMENT OF THE AUTHORISED FUND MANAGER'S (AFM's) RESPONSIBILITIES

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The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Fund Manager to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Company at the end of the financial year and its net revenue and net capital (losses) for the year. In preparing these financial statements the Authorised Fund Manager is required to:

- > comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements.
- > select suitable accounting policies and then apply them consistently;
- > make judgements and estimates that are reasonable and prudent;
- > prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The Authorised Fund Manager is required to keep proper accounting records and to manage the Company in accordance with the COLL regulations, the Instrument of Incorporation, and the Prospectus. The Authorised Fund Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## DIRECTOR'S STATEMENT

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In accordance with the requirements of the Financial Conduct Authority's Collective Investment Scheme's Sourcebook, we hereby certify the annual report.

Jonathan M. Child CA

David E. Smith CA

Valu-Trac Investment Management Limited  
Authorised Fund Manager

Date:

**STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS OF VT DOWNING INVESTMENT FUNDS ICVC**

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**For the year ended 31 March 2024**

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), 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 the cash accounts in accordance with the Regulations;
- > the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- > the value of shares in the Company is calculated in accordance with the Regulations;
- > any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- > the Company's income is applied in accordance with the Regulations; and
- > the instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

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

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

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

NatWest Trustee and Depositary Services Limited  
01 April 2024

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT DOWNING INVESTMENT FUNDS ICVC (SUB-FUND VT DOWNING SMALL & MID-CAP INCOME FUND)

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### Opinion

We have audited the financial statements of VT Downing Investment Funds ICVC ("the Company") for the year ended 31 March 2024, which comprise the Statement of Total Return, Statement of Changes in Net Assets Attributable to Shareholders, Balance Sheet, the related Notes to the Financial Statements, including significant accounting policies and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- > Give a true and fair view of the financial position of the Company as at 31 March 2024 and of the net revenue and the net capital losses on the scheme property of the Company for the year then ended;
- > Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- > Have been prepared in accordance with the Investment Association Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes Sourcebook (COLL Rules) of the Financial Conduct Authority and the 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 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 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 Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 Authorised Fund Manager with respect to going concern are described in the relevant sections of this report.

### Other Information

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the COLL Rules

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

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

**Responsibilities of the Authorised Fund Manager**

As explained more fully in the Authorised Fund Manager's responsibilities statement set out on page 2, the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Fund Manager 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 Authorised Fund Manager either intends to wind up the Company or to cease operations, or has 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

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

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

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

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

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

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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

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

- > Reviewing the level of and reasoning behind the Company's procurement of legal and professional services;
- > Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity and reviewing judgements made by the Authorised Fund Manager in its calculation of accounting estimates for potential management bias;
- > Using a third-party independent data source to assess the completeness of the special dividend population and determining whether special dividends recognised were revenue or capital in nature with reference to the underlying circumstances of the investee companies' dividend payments;
- > Testing how management made the estimate of material level 3 investments, evaluating the methodology adopted and assessing the suitability of data and significant assumptions by reference to supporting evidence;
- > Assessing the Company's compliance with the key requirements of the Collective Investment Schemes Sourcebook, and its Prospectus;
- > Completion of appropriate checklists and use of our experience to assess the Company's compliance with the IA Statement of Recommended Practice for Authorised Funds; and
- > Agreement of the financial statement disclosures to supporting documentation.

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

**Use of Our Report**

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the COLL Rules issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP  
Chartered Accountants  
Statutory Auditor  
Elgin, United Kingdom



## SUB-FUND OVERVIEW

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<b>Name of Sub-fund</b>	VT Downing Small & Mid-Cap Income Fund
<b>Size of Sub-fund</b>	£38,326,394
<b>Sub-fund objective and policy</b>	<p>The investment objective of the Sub-fund is to achieve a quarterly income, together with capital growth over the long term (5 years).</p> <p>The Sub-fund aims to meet its objective by investing at least 80% in shares of small (those with a market capitalisation of less than £1 billion) and medium sized (those with a market capitalisation of less than £5 billion) companies which are domiciled in, have their head office located in, or (which if not established in the UK) exercise the significant part of their business in the UK and which the Manager considers to have the ability to increase returns over time.</p> <p>The Sub-fund may also invest in other transferable securities (for example, without limitation, of non-small and medium sized companies and/or international equities) (including investment trusts), collective investment schemes, money market instruments, deposits, cash and near cash.</p> <p>The Sub-fund is actively managed.</p> <p>No more than 10% of the Scheme Property of the Sub-fund will be invested in other collective investment schemes (although such collective investment schemes could include those managed and/or operated by the AFM or Investment Manager).</p> <p>The Sub-fund will not have any particular industry or economic sector focus and as such weightings in these may vary as required.</p>
<b>Use of derivatives</b>	<p>Derivatives may be used for the purposes of efficient portfolio management. The use of derivatives for efficient portfolio management will generally not increase the risk profile of the Sub-fund.</p>
<b>ESG:</b>	<p>The Manager considers environmental, social and governance (“ESG”) factors in determining whether a company or government is an appropriate investment for the Sub-fund at the time of purchase. The Manager’s ESG guidelines are reviewed and applied on an ongoing basis by the Manager. However, the Manager has full discretion to invest in companies, regardless of any ESG considerations. Where an investment has ceased to be suitable (for example, due to a change or deterioration in its ESG characteristics in the opinion of the Manager), the Sub-fund may continue to hold such investment until such time it is possible and practicable in the Manager’s view to liquidate the position in the interests of investors. The Manager’s ESG criteria may change over time.</p> <p>As part of the investment process, the Manager considers ESG factors. The Manager conducts extensive analysis for each company against ESG components such as carbon emissions, water use, board composition, audit practises and executive remuneration, as well as examining a company’s impact on consumers, employees and the wider society. The Manager utilises ESG research provided by Sustainalytics or for those companies with no Sustainalytics rating the Manager conducts their own research based on a proprietary questionnaire. The Managers Responsible Investment Policy is available to view at <a href="https://www.downing.co.uk/responsible-investing">https://www.downing.co.uk/responsible-investing</a>.</p>

## SUB-FUND OVERVIEW (Continued)

<b>Performance assessment</b>	<p>Many funds sold in the UK are grouped into sectors by the Investment Association (the "IA") (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.</p> <p>The Sub-fund is not managed to or constrained by a benchmark. The AFM does, however, assess the performance of the Sub-fund against the IA UK Equity Income Sector, which includes a selection of funds which have broadly similar characteristics, particularly in terms of investment objective and time horizons.</p> <p>Some independent data providers prepare and publish performance data on the funds in this sector and investors can use this to assess the Sub-fund's performance. This information can be found on the IA website or Morningstar website.</p>
<b>Authorised Fund Manager (AFM)</b>	Valu-Trac Investment Management Limited
<b>Ex-distribution dates</b>	31 March (final), 30 June, 30 September and 31 December
<b>Distribution dates</b>	31 May (final), 31 August, 30 November and the last day of February (interim)
<b>Individual Savings Account (ISA)</b>	The Sub-fund is a qualifying investment for inclusion in an ISA.
<b>Treatment of income</b>	The AFM may even out the payments of income within an accounting period by carrying forward income otherwise distributable with a view to augmenting amounts to be paid out at a later date.
<b>Redemption charge</b>	None
<b>Switching charge</b>	Please refer to section 3.4 of the Company prospectus
<b>Share class information*</b>	

Share class	Minimum initial	Minimum subsequent	Minimum holding	Monthly savings	Minimum redemption	Initial charge
Income shares	£1,000	£500	£1,000	£100	N/A	0%
Z Income shares	£10,000,000	£500	£10,000,000	£100	N/A	0%
Accumulation Shares	£1,000	£500	£1,000	£100	N/A	0%
Z Accumulation Shares	£10,000,000	£500	£10,000,000	£100	N/A	0%

\*The AFM may waive the minimum levels at its discretion.

### Annual management charges to 04 February 2024

£30,000<sup>1</sup> per annum plus 0.75% per annum of the net asset value of the Sub-fund attributable to the relevant class (plus VAT if applicable).

1 The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 January each year (from 1 January 2021). In the event of negative inflation, this fee will remain unchanged.

### Annual management charges from 05 February 2024

£63,269.53<sup>2</sup> per annum plus

(a) 0.75% per annum of the Net Asset Value of the Sub-fund attributable to the Income Share Class or Accumulation Share Class; or

(b) 0.35% per annum of the Net Asset Value of the Sub-fund attributable to the Z Income Share Class or Z Accumulation Share Class, plus (for the Z Income Share Class and Z Accumulation Share Class):

- up to £100 million Net Asset Value – 0.015% per annum;
  - £100 million to £250 million Net Asset Value – 0.0075% per annum;
  - £250 million to £500 million Net Asset Value – 0.005% per annum;
  - above £500 million Net Asset Value – 0.0025% per annum;
- (plus VAT if applicable).

2 The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Prices Index) on 1 January each year (from 1 January 2025). In the event of negative inflation, this fee will remain unchanged.

## INVESTMENT MANAGER'S REVIEW

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### Performance overview

Over the 12 months to 31 March 2024, the Fund generated a total shareholder return of +3.60% (Accumulation). This compares to +7.62% returned by the IA UK Equity Income sector.

The reporting period encapsulated many factors that continued over from the prior year, with global financial markets facing heightened inflationary pressures and further geopolitical tensions. These issues resulted in many central banks keeping interest rates at historic highs to try to combat inflation through fear of inflationary pressures becoming entrenched in economies. Whilst the vast majority of market swings were dominated by whether central banks would cut rates sooner or later, we continued to find companies that navigated the environment in a resilient manner.

Despite underlying companies performing well against what was a difficult macro backdrop, the Fund suffered due to its small and mid-cap bias. The environment of higher commodity prices driven by geopolitical tensions and higher interest rates helped support commodity companies and banks. These sectors are significant weightings in the FTSE 100 and the UK Equity Income sector tends to be more large-cap exposed.

This has resulted in fund flows remaining largely negative for UK smaller company mandates, and this is also reflected in the valuation of UK smaller companies. The FTSE 250, for example, continues to trade at a steep discount to its own historic averages. These discounted valuations have not gone unnoticed, with takeover activity remaining a key theme across the year. There were a further 39 companies acquired off the UK market over the period, totalling over £16bn. Despite the higher cost of funding environment, 18 of the takeovers completed were from private equity-backed sources, showing further evidence of the cheap valuations on offer in the UK market.

Towards the end of the period it appeared public markets were finally beginning to recognise the valuation opportunity on offer. UK small and mid-caps staged a resurgence as confidence built around inflation falling to more "normal" levels and global economies remaining reasonably resilient. We have seen this support for UK small and mid-caps largely continue into the new fund reporting year.

The priority of the Manager is to ensure that the Fund provides investors with a compelling and diversified yield to the market. Investors who bought the Income share class on 31 March 2023 would have received a yield of 4.71 over the following 12 months.

Over the period, the Fund has exited 18 positions in full (two due to takeovers) and taken on 17 new positions.

### Key contributors and detractors

The key contributors to portfolio performance over the period were XPS Pensions Group (+50.95%) and Zegona Communications (+231.14%), while Gresham House Energy Storage (-65.24%) and Argentex (-48.17%) were the most significant detractors.

XPS Pensions, a provider of pension actuarial, investment advice and administration services to large corporate and defined benefit pension schemes, issued multiple upgrades to trading over the period. The latest of the upgrades noted revenues were up 20% year on year, thanks to continued regulatory change, new clients, and inflation linkage of contracts. In addition, costs were well managed, helping to drive operational gearing.

Zegona Communications engages in a strategy of acquiring, improving and selling European telecommunications companies. In the period, the company announced the completion of fundraising and the acquisition of Vodafone Spain. The company raised €300m of equity at 150p which represented a 380% premium to the closing price prior to the announcement.

Gresham House Energy Storage, a developer and operator of utility-scale battery energy storage systems in the UK, issued interim results in the period. Revenues fell by 31.9% due to lower power price volatility and low utilisation of battery storage assets by the National Grid Energy Storage Operator in the Balancing Mechanism. This was due to IT issues resulting in the operator skipping battery storage assets.

Argentex, which engages in the provision of foreign exchange execution and advisory services to corporate and institutional clients, faced difficult trading conditions in the period. The company announced full-year revenues would be slightly lower than the previous year. Further investment in technology, people and unanticipated costs from challenging markets resulted in operating profits down 29.2% on the previous year. We were concerned this was not the end of some of the challenges the company was facing and the Fund exited this position.

## INVESTMENT MANAGER'S REVIEW (Continued)

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### Key contributors and detractors (Continued)

Over the period, the Fund continued to engage with its investee companies and management teams to help improve ESG disclosure and transition to more energy-efficient revenue generation. There have been 10 DSMI engagements during the 12-month period. Two engagements to highlight include Bioventix to validate and improve their ESG score, and Lancashire Group for sustainability concepts unique to the insurance sector like the emissions of assets they insure.

The Manager continues to participate directly in voting on Annual General Meetings. The Responsible Investment team advises and investigates certain votes to inform decisions eg, on pay or the independence and effectiveness of certain directors. All vote decisions are publicly reported.

During the period, the Manager and Downing LLP reported the greenhouse gas (GHG) emissions in the Downing Sustainability Report 2023:

[https://assets-global.website-files.com/63c93b0d4e6adc3ca93d8c14/660d4fd2082b72307da4d97c\\_ESG020\\_Sustainability\\_Report%202023.pdf](https://assets-global.website-files.com/63c93b0d4e6adc3ca93d8c14/660d4fd2082b72307da4d97c_ESG020_Sustainability_Report%202023.pdf)

The 2023 GHG metrics for the Fund are; absolute emissions (scope 1, 2 & 3) of 40,795,261 tCO<sub>2</sub>e, carbon intensity of 5.57 tCO<sub>2</sub>e per £m revenue and weighted average carbon intensity of 0.0295 tCO<sub>2</sub>e per £m revenue. The Fund held Drax and Diversified Energy which had high weighted carbon intensity, which have since been exited by the Fund.

Downing LLP  
Investment Manager to the Fund  
10 July 2024

## PERFORMANCE RECORD

### Financial Highlights

Income Shares	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	108.3454	121.4517	113.8332
Return before operating charges	4.7638	(7.3023)	14.0225
Operating charges (note 1)	(1.0231)	(1.0800)	(1.2588)
Return after operating charges *	3.7407	(8.3823)	12.7637
Distributions on income shares	(5.0369)	(4.7240)	(5.1452)
Closing net asset value per share	107.0492	108.3454	121.4517
*after direct transactions costs of:	0.1723	0.3217	0.1765
Performance			
Return after charges	3.45%	(6.90%)	11.22%
Other information			
Closing net asset value	£33,225,605	£41,219,573	£41,952,948
Closing number of shares	31,037,696	38,044,595	34,542,898
Operating charges (note 2)	0.95%	0.94%	1.07%
Direct transaction costs	0.16%	0.28%	0.15%
Prices			
Highest share price	111.4631	124.6385	134.2860
Lowest share price	97.1441	100.7996	110.5539

Accumulation Shares	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	197.4952	212.1266	190.8503
Return before operating charges	9.0113	(12.7062)	23.4322
Operating charges (note 1)	(1.9099)	(1.9252)	(2.1559)
Return after operating charges *	7.1014	(14.6314)	21.2763
Closing net asset value per share	204.5966	197.4952	212.1266
Distributions on accumulation shares	9.3455	8.3832	8.7454
*after direct transactions costs of:	0.3217	0.5735	0.3022
Performance			
Return after charges	3.60%	(6.90%)	11.15%
Other information			
Closing net asset value	£1,048,148	£1,073,925	£1,266,802
Closing number of shares	512,300	543,773	597,191
Operating charges (note 2)	0.95%	0.94%	1.07%
Direct transaction costs	0.16%	0.28%	0.15%
Prices			
Highest share price	204.7492	217.6936	228.3317
Lowest share price	181.6479	180.0431	190.5109

## PERFORMANCE RECORD (Continued)

### Financial Highlights (Continued)

	<b>Period 08</b> <b>February 2024 to</b> <b>31 March 2024<sup>^</sup></b>
<b>Z Income Shares</b>	
Changes in net assets per share	GBP
Opening net asset value per share	<u>100.0000</u>
Return before operating charges	3.5176
Operating charges (note 1)	<u>(0.0793)</u>
Return after operating charges *	3.4383
Distributions on income shares	<u>(0.5548)</u>
Closing net asset value per share	<u>102.8835</u>
*after direct transactions costs of:	0.1623
Performance	
Return after charges	3.44%
Other information	
Closing net asset value	£4,300,254
Closing number of shares	4,179,732
Operating charges (note 2)	0.55%
Direct transaction costs	0.16%
Prices	
Highest share price	103.5075
Lowest share price	99.5056

<sup>^</sup>Share class launched on 08 February 2024.

1. The operating charges per share figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.

2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund. Note, the 2023 and 2022 operating charges percentage also includes the underlying costs of investment trusts as per regulatory and Industry guidance issued in 2020, this was later changed to exclude underlying costs of investment trusts in December 2023.

#### Risk Profile

Based on past data, the Sub-fund is ranked a 6 on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document (31 March 2023: ranked 6). The Sub-fund is ranked 6 because weekly historical performance data indicates that significant rises and falls in market prices would have occurred historically.

## PORTFOLIO STATEMENT

As at 31 March 2024

Holding	Value £	% of net assets
<b>Equities (31.03.2023: 87.62%)</b>		
162,250 Alpha Financial Markets Consulting PLC	527,313	1.37%
61,700 Ascential PLC	186,828	0.48%
14,000 Bioventix PLC	616,000	1.60%
239,000 Bloomsbury Publishing PLC	1,240,410	3.24%
144,000 Britvic PLC	1,180,800	3.08%
250,000 Coats Group PLC	204,750	0.53%
28,000 Computacenter PLC	752,640	1.96%
369,556 Conduit Holdings Ltd	1,892,127	4.94%
422,000 Fonix Mobile PLC	1,033,900	2.70%
251,500 Foresight Group Holdings Ltd	1,119,175	2.92%
1,077,000 FRP Advisory Group PLC	1,227,780	3.20%
469,000 Galliford Try PLC	1,125,600	2.94%
14,000 Greggs PLC	401,800	1.05%
190,000 H & T Group PLC	706,800	1.84%
136,000 Hilton Food Group PLC	1,156,000	3.02%
411,000 Hollywood Bowl Group PLC	1,350,135	3.52%
410,000 Hostelworld Group PLC	649,850	1.70%
310,000 Integrafina Holding	849,400	2.22%
51,000 Intermediate Capital Group PLC	1,054,170	2.75%
73,000 JTC PLC	598,600	1.56%
293,500 Kitwave Group PLC	1,091,820	2.85%
92,000 Lancashire Holdings Ltd	568,560	1.48%
120,460 Lokn Store Group PLC	999,818	2.61%
455,000 Macfarlane Group PLC	605,150	1.58%
418,000 Moneysupermarket.Com Group PLC	922,108	2.41%
125,000 Oxford Metrics PLC	128,750	0.34%
70,000 Pollen Street Group Ltd	455,000	1.19%
162,892 Property Franchise Group PLC	513,110	1.34%
361,173 Real Good Food PLC^	-	-
1,074,873 Record PLC	679,320	1.77%
820,700 Redcentric PLC	1,025,875	2.68%
439,500 Restore PLC	949,320	2.48%
159,000 Ricardo PLC	709,140	1.85%
692,000 Sabre Insurance Group PLC	1,215,152	3.17%
574,500 Supreme PLC	695,145	1.81%
153,000 Tate & Lyle PLC	947,070	2.47%
100,000 Telecom Plus PLC	1,596,000	4.16%
479,000 TP ICAP PLC	1,084,455	2.83%
257,244 Volex PLC	734,432	1.92%
76,000 WH Smith PLC	997,120	2.60%
809,555 XPS Pensions Group PLC	1,870,071	4.88%
276,551 Zegona Communications PLC	608,412	1.59%
	<b>36,269,906</b>	<b>94.63%</b>
<b>Investment Trusts (31.03.2023: 2.95%)</b>		
	-	-
<b>Loan Notes (31.03.2023: 1.83%)</b>		
772,932 Real Good Food 12% C Sec Guar Loan Note 19/05/2024^	-	-
238,752 Real Good Food Var Loan Note 19/05/2023^	-	-
	-	-
<b>Portfolio of investments (31.03.2023: 92.40%)</b>	<b>36,269,906</b>	<b>94.63%</b>
<b>Net other assets (31.03.2023: 7.60%)</b>	<b>2,056,488</b>	<b>5.37%</b>
	<b>38,326,394</b>	<b>100.00%</b>

^Company in administration, see note 11 on page 22 for further information.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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	£
<b>Total purchases for the year (note 14)</b>	<b>16,741,154</b>
Tate & Lyle PLC	846,183
Telecom Plus PLC	777,869
H & T Group PLC	777,746
Restore PLC	763,988
Close Brothers Group PLC	752,999
Intermediate Capital Group PLC	746,108
Volex PLC	709,318
Argentex Group PLC	676,697
Hostelworld Group PLC	635,683
XP Power Ltd	613,329
Other various purchases	9,441,234
	£
<b>Total sales for the year (note 14)</b>	<b>19,081,600</b>
Smart Metering Systems PLC	1,523,709
Drax Group PLC	1,137,036
Games Workshop Group PLC	1,038,740
EMIS Group PLC	928,764
Computacenter PLC	911,189
FDM Group (Holdings) PLC	715,211
Diversified Energy Company PLC	705,361
Digital 9 Infrastructure	703,820
Ibstock PLC	668,536
Alpha Financial Markets Consulting PLC	641,376
Other various sales	10,107,858

The above transactions represent the top 10 purchases and sales during the year.



## STATEMENT OF TOTAL RETURN

### For the year ended 31 March

		2024		2023	
	Notes	£	£	£	£
Income					
Net capital (losses)	2		(240,392)		(4,592,121)
Revenue	3	1,931,469		1,845,630	
Expenses	4	(382,906)		(378,852)	
Interest payable and similar charges	6	-		(21)	
Net revenue before taxation		1,548,563		1,466,757	
Taxation	5	(13,888)		-	
Net revenue after taxation			1,534,675		1,466,757
Total return before distributions			1,294,283		(3,125,364)
Finance costs: distributions	6		(1,895,151)		(1,795,089)
<b>Changes in net assets attributable to shareholders from investment activities</b>			<b>(600,868)</b>		<b>(4,920,453)</b>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 31 March

	2024	2023
	£	£
<b>Opening net assets attributable to shareholders</b>	42,042,156	43,002,092
Amounts receivable on creation of shares	694,897	7,998,239
Amounts payable on cancellation of shares	(3,858,720)	(4,099,962)
Accumulation dividends retained	48,929	46,477
Dilution levies	-	15,763
Changes in net assets attributable to shareholders from investment activities (see above)	(600,868)	(4,920,453)
<b>Closing net assets attributable to shareholders</b>	<b>38,326,394</b>	<b>42,042,156</b>

**BALANCE SHEET**

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As at	Notes	31.03.2024		31.03.2023	
		£	£	£	£
<b>ASSETS</b>					
Investment assets			36,269,906		38,847,216
<b>Current assets</b>					
Debtors	7	175,162		238,652	
Cash and bank balances	8	<u>3,219,201</u>		<u>3,925,793</u>	
<b>Total current assets</b>			<u>3,394,363</u>		<u>4,164,445</u>
<b>Total assets</b>			39,664,269		43,011,661
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Creditors	9	(1,010,111)		(570,182)	
Distribution payable on income shares		(327,055)		(399,323)	
Bank overdrafts	8	<u>(709)</u>		<u>-</u>	
<b>Total current liabilities</b>			<u>(1,337,875)</u>		<u>(969,505)</u>
<b>Net assets attributable to shareholders</b>			<u>38,326,394</u>		<u>42,042,156</u>

## NOTES TO THE FINANCIAL STATEMENTS

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### For the year ended 31 March 2024

The principal accounting policies, which have been applied in both the current and prior year, are set out below:

#### 1 Accounting policies

- (a) The financial statements have been prepared in accordance with FRS 102, the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling.
- (b) There are no material events that have been identified that may cast significant doubt about the Company's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The AFM believes that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements.
- (c) All expenses, other than those relating to the purchase and sale of investments, are charged to revenue on an accruals basis. All expenses are then reallocated to capital, net of any tax effect for distribution purposes.
- (d) Distributions on equities and trusts are recognised when the security is quoted ex-dividend. Interest on deposits is accounted for on an accruals basis. Revenue on debt securities is accounted for on an effective yield basis. Rebates are recognised on an accruals basis and are then reallocated to capital, net of any tax effect for distribution purposes.
- (e) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Sub-fund, and where applicable is included in the distribution. In the case of an enhanced stock dividend the value of the enhancement is treated as capital.
- (f) Special dividends are treated as either revenue or a repayment of capital depending on the facts of each particular case. Where the receipt of a special dividend results in a significant reduction in the capital value or where the distribution arises from an underlying capital event such as a merger or disposal these would typically be deemed as capital so as to ensure that the matching principle is applied to gains and losses. Otherwise, the special dividend would typically be recognised as revenue. Where special dividends are treated as revenue, they are included in the amount available for distribution. The tax accounting treatment follows the principal amount.
- (g) Investments are stated at their fair value at the balance sheet date. In determining fair value, the valuation point is 12 noon on 28 March 2024 with reference to quoted bid prices from reliable external sources. Unlisted or suspended investments are valued by the AFM taking into account where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.
- (h) All transactions in foreign currencies are converted into Sterling at the rate of exchange ruling at the dates of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 28 March 2024.
- (i) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.  
  
Deferred tax assets are recognised only to the extent that the AFM considers that it is more likely than not there will be taxable profits from which underlying timing differences can be deducted.
- (j) Tax is provided using tax rates and laws which have been enacted or substantively enacted at the balance sheet date.
- (k) In certain circumstances the AFM may charge a dilution levy on the sale or repurchase of shares. The levy, which is paid into the Sub-funds, is intended to cover dealing spread on assets bought and sold and certain charges such as applicable dealing taxes and brokers commission not included in the mid-market value of the Sub-funds used for Net Asset Value (NAV) calculations, which could have a diluting effect on the performance of the Sub-funds.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1 Accounting policies (Continued)

- (l) The Sub-fund currently issues Accumulation and Income shares. The Sub-fund goes ex dividend quarterly and pays any income available to the shareholder two months in arrears, as a dividend distribution. Any revenue deficit at the year end is funded from capital.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund (or if it no longer exists the AFM). Application to claim distributions that have not been paid should be made to the AFM before this six year period has elapsed.

For the treatment of expenses revert to policy 'c' and special dividends revert to policy 'f'.

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

### 2 Net capital (losses)

	2024	2023
	£	£
The net capital (losses) comprise:		
Non-derivative securities (losses)	(236,855)	(4,589,530)
Transaction charges	(3,537)	(2,591)
Total net capital (losses)	<u>(240,392)</u>	<u>(4,592,121)</u>

### 3 Revenue

	2024	2023
	£	£
Non-taxable dividends	1,756,942	1,736,414
Property income distributions (PIDs)	-	24,492
Interest on non-derivative securities	25,695	32,620
Investment manager's fee rebate	-	(2,957)
Bank interest received	148,832	55,061
Total revenue	<u>1,931,469</u>	<u>1,845,630</u>

### 4 Expenses

	2024	2023
	£	£
<b>Payable to the Authorised Fund Manager, associates of the Authorised Fund Manager, and agents of either of them:</b>		
Annual management charge	336,670	357,842
<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>		
Depositary fee	17,889	12,757
Safe custody fee	1,558	(2,033)
	<u>19,447</u>	<u>10,724</u>
Audit fee	12,246	7,954
Legal fees	8,100	-
Other expenses	6,443	2,332
	<u>26,789</u>	<u>10,286</u>
Total expenses	<u>382,906</u>	<u>378,852</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Taxation

	2024	2023
	£	£
<b>(a) Analysis of charge in the year</b>		
Irrecoverable overseas withholding tax	13,888	-
Total tax charge for the year (note 5b)	<u>13,888</u>	<u>-</u>

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

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company 20.00% (2023: 20.00%) The differences are explained below:

Net revenue before UK corporation tax	1,548,563	1,466,757
Corporation tax at 20.00% (2023: 20.00%)	309,713	293,351
<b>Effects of:</b>		
Revenue not subject to UK corporation tax	(351,389)	(347,282)
Current year expenses not utilised	41,676	53,931
Irrecoverable overseas withholding tax	13,888	-
Total tax charge for the year (note 5a)	<u>13,888</u>	<u>-</u>

**(c) Provision for deferred taxation**

At 31 March 2024 there is a potential deferred tax asset of £405,347 (31 March 2023: £363,671) in relation to surplus management expenses.

6 Finance costs

	2024	2023
	£	£
Interim dividend distributions	1,537,272	1,406,205
Final dividend distribution	336,554	409,627
	<u>1,873,826</u>	<u>1,815,832</u>
Add: Revenue deducted on cancellation of shares	26,269	21,070
Deduct: Revenue received on issue of shares	(4,944)	(41,813)
<b>Net distribution for the year</b>	1,895,151	1,795,089
Interest payable and similar charges	-	21
<b>Total finance costs</b>	<u>1,895,151</u>	<u>1,795,110</u>
<b>Reconciliation of distributions</b>		
Net revenue after taxation	1,534,675	1,466,757
Expenses paid from capital (net of IM rebates)	382,906	381,809
Relief on expenses allocated to capital	(34,905)	(22,430)
Balance brought forward	(22,430)	(53,477)
Balance carried forward	34,905	22,430
<b>Net distribution for the year</b>	<u>1,895,151</u>	<u>1,795,089</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Debtors	31.03.2024	31.03.2023
	£	£
Amounts receivable on creation of shares	4,659	18,186
Accrued revenue:		
Non-taxable dividends receivable	170,466	159,599
Return of capital receivable	-	59,600
Prepayments	37	1,267
Total debtors	<u>175,162</u>	<u>238,652</u>

8 Cash and bank balances	31.03.2024	31.03.2023
	£	£
Cash and bank balances	<u>3,219,201</u>	<u>3,925,793</u>
Bank overdrafts	<u>(709)</u>	<u>-</u>

9 Creditors	31.03.2024	31.03.2023
	£	£
Amounts payable on cancellation of shares	29,467	6,376
Amounts payable on unsettled trades	917,801	518,600
<b>Amounts payable to the AFM, associates of the AFM and agents of either of them:</b>		
Annual management charge	47,486	30,666
<b>Amounts payable to the depositary, associates of the depositary and agents of either of them;</b>		
Depositary fee	1,377	1,529
Safe custody and other custodian charges	1,414	3,591
	<u>2,791</u>	<u>5,120</u>
Audit fee	10,414	8,668
Other accrued expenses	2,152	752
Total creditors	<u>1,010,111</u>	<u>570,182</u>

### 10 Risk management policies

In pursuing its investment objective as stated on page 7, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments, those of its underlying holdings and the AFM's policies for managing these risks are summarised below. These policies have been applied throughout the year.

#### Market price risk

Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-fund holds. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the AFM in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 31 March 2024 would have increased/decreased by £3,626,991 (31 March 2023: £3,884,722).

10 Risk management policies (Continued)

**Foreign currency risk**

Foreign currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The AFM may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to Sterling on or near the date of receipt.

Net currency assets and liabilities consist of:

	Net monetary assets and liabilities		Non-monetary assets		Total net assets	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Sterling	2,056,488	3,147,440	36,269,906	38,847,216	38,326,394	41,994,656
US Dollar	-	47,500	-	-	-	47,500
<b>Total</b>	<b>2,056,488</b>	<b>3,194,940</b>	<b>36,269,906</b>	<b>38,847,216</b>	<b>38,326,394</b>	<b>42,042,156</b>

If foreign exchange rates at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 31 March 2024 would have increased/decreased by £Nil (31 March 2023: £4,750).

**Interest rate risk**

Interest rate risk is the risk to portfolio value due to changes in interest rates. The magnitude of the exposure from an adverse change in interest rates depends on the sensitivity of the instrument to changes in interest rates as well as the absolute change in interest rates. In general, values of long-term instruments are more sensitive to interest rate changes than the values of short-term instruments.

The Sub-fund takes on interest rate risk when the investment manager believes the expected returns compensate for the risk, limited by the investment objective, policy and any prospectus rules. The investment manager monitors the level of interest rate risk in the Sub-fund on a regular basis. In addition any cash deposits in the Sub-fund are linked to SONIA, ensuring interest income increases as interest rates increase.

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

	31.03.2024	31.03.2023
	£	£
Financial assets floating rate	3,219,201	3,925,793
Financial assets interest bearing instruments	-	-
Financial assets non-interest bearing instruments	36,445,068	39,085,868
Financial liabilities non-interest bearing instruments	(1,337,166)	(969,505)
Financial liabilities floating rate	(709)	-
	<b>38,326,394</b>	<b>42,042,156</b>

At 31 March 2024, if interest rates increased or decreased by 0.25%, with all other variables remaining constant, then the net assets attributable to shareholders of the Sub-fund would increase or decrease by approximately £8,046 (31 March 2023: £9,814)

**Maturity of financial liabilities**

The financial liabilities of the Sub-fund as at 31 March 2024 are payable either within one year or on demand.

**Liquidity risk**

The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any shares that the investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

**Credit risk**

Certain transactions in securities that the Sub-fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the AFM as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

Credit risk also arises on cash held within financial institutions and debt securities. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 10 Risk management policies (Continued)

#### Fair value disclosure

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest priority to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

Valuation Technique	31.03.2024		31.03.2023	
	Assets (£000's)	Liabilities (£000's)	Assets (£000's)	Liabilities (£000's)
Level 1: Unadjusted quoted price in an active market for an identical instrument	36,270	-	38,088	-
Level 3: Valuation techniques using unobservable inputs	-	-	759	-
<b>Total</b>	<b>36,270</b>	<b>-</b>	<b>38,847</b>	<b>-</b>

On 29 November 2023 Real Good Food PLC shares were suspended on the AIM market of the London Stock Exchange. On 04 December 2023 Real Good Food PLC appointed administrators and its shares were cancelled from trading. Given the circumstances, the capital structure of the Company and the options open to it, the AFM believes that there will be no return to shareholders or loan note holders whether via a solvent sale or any procedure in an Administration. Therefore at the year end the AFM valued both the equity holding and the loan notes at £Nil.

### 11 Shares held

#### Shares held - Income Shares

<b>Opening shares at 01.04.2023</b>	<b>38,044,595</b>
Shares issued during the year	593,960
Shares cancelled during the year	(3,600,859)
Shares converted during the year	(4,000,000)
<b>Closing shares as at 31.03.2024</b>	<b>31,037,696</b>

#### Shares held - Accumulation Shares

<b>Opening shares at 01.04.2023</b>	<b>543,773</b>
Shares issued during the year	31,168
Shares cancelled during the year	(62,641)
Shares converted during the year	-
<b>Closing shares as at 31.03.2024</b>	<b>512,300</b>

#### Shares held - Z Income Shares

<b>Opening shares at 08.02.2024</b>	<b>-</b>
Shares issued during the year	-
Shares cancelled during the year	-
Shares converted during the year	4,179,732
<b>Closing shares as at 31.03.2024</b>	<b>4,179,732</b>

### 12 Contingent assets and liabilities

At 31 March 2024, the Sub-fund had no contingent liabilities or commitments (31 March 2023: £nil).

### 13 Post balance sheet events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 28 March 2024. Since that date, the Sub-fund's quoted price has moved as follows for each share class:

	Price (GBP) at 28 March 2024	Price (GBP) at 09 July 2024
Income Shares	107.0492	118.2366
Accumulation Shares	204.5966	228.2737
Z Income	102.8835	113.7641



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**14 Direct transaction costs**

	2024		2023	
	£	%	£	%
<b>Analysis of total purchase costs</b>				
Purchases in the year before transaction costs	16,689,522		25,487,679	
Commissions	11,816	0.07%	17,788	0.07%
Taxes & levies	39,816	0.24%	90,244	0.35%
Total purchase costs	51,632	0.31%	108,032	0.42%
Total purchases including transaction costs	16,741,154		25,595,711	

	2024		2023	
	£	%	£	%
<b>Analysis of total sale costs</b>				
Sales in the year before transaction costs	19,095,053		22,093,852	
Commissions	(13,418)	(0.07%)	(14,773)	(0.07%)
Taxes & levies	(35)	(0.00%)	(1)	(0.00%)
Total sales costs	(13,453)	(0.07%)	(14,774)	(0.07%)
Total sales net of transaction costs	19,081,600		22,079,078	

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

	2024	% of average net asset value	2023	% of average net asset value
	£		£	
Commissions	25,234	0.06%	32,561	0.08%
Taxes & levies	39,851	0.10%	90,245	0.20%
	65,085	0.16%	122,806	0.28%

**15 Portfolio Dealing Spread**

The average portfolio dealing spread at 31 March 2024 is 1.36% (31 March 2023: 1.29%).

**16 Related Party Transactions**

Valu-Trac Investment Management Limited, as AFM is a related party due to its ability to act in respect of the operations of the Sub-fund.

Amounts paid to the AFM and its associates are disclosed in note 4. The amounts due to the AFM and its associates at the balance sheet date are disclosed in note 9. Amounts received from the AFM and its associates are disclosed in note 3.

## DISTRIBUTION TABLES

### Q1 Interim distribution in pence per share

Group 1: Shares purchased prior to 01 April 2023

Group 2 : Shares purchased on or after 01 April 2023 and on or before 30 June 2023

Accumulation	Net Revenue 31.08.2023	Equalisation	Distribution 31.08.2023	Distribution 31.08.2022
Group 1	2.1240p	-	2.1240p	2.0839p
Group 2	1.3745p	0.7495p	2.1240p	2.0839p

Income	Net Revenue 31.08.2023	Equalisation	Distribution 31.08.2023	Distribution 31.08.2022
Group 1	1.1652p	-	1.1652p	1.1928p
Group 2	0.2174p	0.9478p	1.1652p	1.1928p

### Q2 Interim distribution in pence per share

Group 1: Shares purchased prior to 01 July 2023

Group 2 : Shares purchased on or after 01 July 2023 and on or before 30 September 2023

Accumulation	Net Revenue 30.11.2023	Equalisation	Distribution 30.11.2023	Distribution 30.11.2022
Group 1	2.7835p	-	2.7835p	2.2681p
Group 2	1.8337p	0.9498p	2.7835p	2.2681p

Income	Net Revenue 30.11.2023	Equalisation	Distribution 30.11.2023	Distribution 30.11.2022
Group 1	1.5106p	-	1.5106p	1.2853p
Group 2	0.6177p	0.8929p	1.5106p	1.2853p

### Q3 Interim distribution in pence per share

Group 1: Shares purchased prior to 01 October 2023

Group 2 : Shares purchased on or after 01 October 2023 and on or before 31 December 2023

Accumulation	Net Revenue 29.02.2024	Equalisation	Distribution 29.02.2024	Distribution 28.02.2023
Group 1	2.5838p	-	2.5838p	2.1363p
Group 2	1.9478p	0.6360p	2.5838p	2.1363p

Income	Net Revenue 29.02.2024	Equalisation	Distribution 29.02.2024	Distribution 28.02.2023
Group 1	1.3821p	-	1.3821p	1.1963p
Group 2	0.9908p	0.3913p	1.3821p	1.1963p

### Final distribution in pence per share

Group 1: Shares purchased prior to 01 January 2024

Group 2 : Shares purchased on or after 01 January 2024 and on or before 31 March 2024

Accumulation	Net Revenue 31.05.2024	Equalisation	Distribution 31.05.2024	Distribution 31.05.2023
Group 1	1.8542p	-	1.8542p	1.8949p
Group 2	0.9268p	0.9274p	1.8542p	1.8949p

Income	Net Revenue 31.05.2024	Equalisation	Distribution 31.05.2024	Distribution 31.05.2023
Group 1	0.9790p	-	0.9790p	1.0496p
Group 2	0.5049p	0.4741p	0.9790p	1.0496p

Z Income	Net Revenue 31.05.2024	Equalisation	Distribution 31.05.2024 <sup>^</sup>	Distribution 31.05.2023
Group 1	0.5548p	-	0.5548p	N/A
Group 2	0.5548p	-	0.5548p	N/A

<sup>^</sup>Share class launched on 08 February 2024.

## DISTRIBUTION TABLES (Continued)

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### Information for corporate shareholders

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 90.96% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 9.04% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.

## INFORMATION FOR INVESTORS

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### Individual shareholders

Income tax: Tax-free annual dividend allowance now standing at £1,000 (2023/24). UK resident shareholders are now subject to new, higher rates of tax on dividend income in excess of the annual allowance. UK resident shareholders are subject to tax on dividend income in excess of the annual allowance.

Capital gains tax: Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. However, the first £6,000 (2023/24) of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

### Taxation

The Company will pay no corporation tax on its profits for the year ended 31 March 2024. Capital gains within the Company will not be taxed.

### Corporate shareholders

Companies resident for tax purposes in the UK which hold shares should note that OEIC distributions are streamed into both franked and unfranked income. The unfranked income element will be treated as an annual payment which has been subject to income tax at prevailing rates and will be liable to tax accordingly. On realisation of their shares, UK resident companies may be liable to pay corporation tax on any capital gains.

The above information on taxation is only a general summary, and shareholders should consult their own tax advisors in relation to their own circumstances. Shareholders should also note that the position as outlined may change to reflect future changes in tax legislation.

### Issue and redemption of shares

Valu-Trac Investment Management Limited is the AFM and Registrar. Valu-Trac Investment Management Limited will receive requests for the purchase or sale of shares at any time during normal business hours between 8.30am and 5.30pm. Instructions may be given by email to the below email addresses or by sending an application form to the Registrar. Application forms are available from the Registrar. Email [Downing@valu-trac.com](mailto:Downing@valu-trac.com)

The price of shares will be determined by reference to a valuation of the Company's net assets at 12 noon on each dealing day.

The AFM has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the AFM will return any money sent, or the balance of such monies, at the risk of the applicant.

Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.

A contract note giving details of the shares purchased and the price used will be issued by the Registrar by the end of the business day following the valuation point by reference to which the purchase price is determined. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. Certificates will not be issued. Statements in respect of periodic distributions of revenue will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a shareholder's shares will also be issued at any time on request by the registered holder.

Where shares are redeemed, payment will be made not later than the close of business on the fourth business day following the next valuation point after receipt by the AFM of a request for redemption.

The most recent issue and redemption prices are available from the AFM.

### Assessment of Value

The AFM conducts an assessment of value for the Sub-fund each year. The assessment of value report is available on the AFM's website.

### Task Force on Climate-related Financial Disclosures ("TCFD") reports

The AFM is required to prepare and publish a product TCFD report for each Sub-fund along with an entity level TCFD report. The latest reports can be obtained from [https://www.valu-trac.com/administration-services/tcfid\\_reports](https://www.valu-trac.com/administration-services/tcfid_reports).

## INFORMATION FOR INVESTORS (Continued)

### Remuneration

The AFM is subject to a remuneration policy which meets the requirements of the Undertakings for Collective Investment in Transferable Securities Directive (UCITS) as set out in SYSC 19E of the FCA Handbook.

The policy is designed to ensure practices for employee remuneration are consistent with, and promote, sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or instrument of incorporation of the funds managed, and does not impair the AFM compliance with its duty to act in the best interests of the funds it manages.

The AFM has reviewed the Remuneration Policy and its application in the last year which has resulted in no material changes to the policy or irregularities to process.

The AFM is required to disclose the total remuneration it pays to its staff during the financial year, split into fixed and variable remuneration, with separate aggregate disclosure for staff whose actions may have a material impact to the risk profile of a fund or the AFM itself. This includes executives, senior risk and compliance staff and certain senior managers.

28.05.2023	Number of Beneficiaries	Fixed Remuneration	Variable Remuneration Paid	Total Remuneration Paid
Total remuneration paid by the AFM during the year	86	£3,462,948	£ nil	£3,462,948
Remuneration paid to employees of the AFM who have a material impact on the risk profile of the UK UCITS	18	£1,043,732	£ nil	£1,043,732
Senior Management	14	£779,584	£ nil	£779,584
Control Functions	4	£264,148	£ nil	£264,148
Employees receiving total remuneration that takes them into the same remuneration brackets as senior management and risk takers	0	£ -	£ nil	£ -

Further information is available in the AFM's Remuneration Policy document which can be obtained from [www.valu-trac.com](http://www.valu-trac.com). A paper copy of the remuneration policy is available on request from the registered office of the Authorised Fund Manager free of charge.

**CORPORATE DIRECTORY**

<b>Authorised Fund Manager &amp; Registrar</b>	<p>Valu-Trac Investment Management Limited Orton Fochabers Moray IV32 7QE</p> <p>Telephone: 01343 880344 Fax: 01343 880267 Email: <a href="mailto:downing@valu-trac.com">downing@valu-trac.com</a></p> <p>Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648</p>
<b>Investment Manager</b>	<p>Downing LLP 6th Floor St Magnus House 3 Lower Thames Street London EC3R 6HD</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
<b>Depositary</b>	<p>NatWest Trustee and Depositary Services Limited House A Floor 0, 175 Glasgow Road Gogarburn Edinburgh EH12 1HQ</p> <p>Authorised regulated by the Financial Conduct Authority</p>
<b>Auditor</b>	<p>Johnston Carmichael LLP Commerce House South Street Elgin IV30 1JE</p>