

Hercules Managed Funds

Annual Report

for the year ended 31 May 2024

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## Hercules Managed Funds

### Report of the Authorised Corporate Director ('ACD')

Evelyn Partners Fund Solutions Limited ('EPFL'), as ACD, presents herewith the Annual Report for Hercules Managed Funds for the year ended 31 May 2024.

Hercules Managed Funds ('the Company' or 'the Fund') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 6 February 2008. The Company is incorporated under registration number IC000612. It is a non-UCITS retail scheme ('NURS') complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL') and the Investment Funds sourcebook ('FUND'), as published by the Financial Conduct Authority ('FCA'). As the Company is a NURS, the ACD also acts as Alternative Investment Fund Manager ('AIFM') in order to comply with the Alternative Investment Fund Manager's Directive ('AIFMD').

The Company has been set up as an umbrella company. Provision exists for an unlimited number of sub-funds to be included within the umbrella and additional sub-funds may be established by the ACD with the agreement of the Depositary and the approval of the FCA. The sub-funds represent segregated portfolios of assets and, accordingly, the assets of a sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (indirectly or directly) the liabilities of claim against, any other person or body, and any other sub-fund and shall not be available for any such purpose.

The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Company consist predominantly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

The Financial Stability Board ('FSB') created the Task Force on Climate-related Financial Disclosures ('TCFD') to improve and increase reporting of climate-related financial information. EPFL have produced TCFD reports in compliance with the FCA's rules on climate-related financial disclosures. The TCFD Product report is designed to help you understand the impact the Company has on the climate and equally how climate change could influence the performance of the Company. The report will also give you the ability to compare a range of climate metrics with other funds. To understand the governance, strategy, and risk management that EPFL has in place to manage the risks and opportunities related to climate change, please refer to the TCFD Entity report. These reports are available on our website <https://www.evelyn.com/services/fund-solutions/tcfd-reporting/>.

The shareholders are not liable for the debts of the Company.

The Company has no Directors other than the ACD.

The Instrument of Incorporation can be inspected at the offices of the ACD.

Copies of the Prospectus and Key Investor Information Document ('KIID') are available on request free of charge from the ACD.

#### Sub-fund

There is currently one sub-fund available in the Company:

Hercules Growth Fund

#### Investment objective and policy

The investment objective of the Hercules Growth Fund is to produce a total return (i.e. capital gain and income) over the medium to longer term.

The Hercules Growth Fund aims to achieve the investment objective by investing mainly in UK equities, and also in UK and international government debt, corporate bonds and collective investment schemes (both regulated and unregulated). Exposure to non-UK equities will be achieved via direct investments and collective investment schemes. The Fund may also invest in money market instruments, other transferable securities, deposits, and derivatives and forward transactions for the purposes of Efficient Portfolio Management.

## Report of the Authorised Corporate Director (continued)

Changes affecting the Company in the year

There were no fundamental or significant changes to the Company in the year.

Further information in relation to the Company is illustrated on page 40.

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook and the Investment Funds sourcebook, we hereby certify the Annual Report on behalf of the ACD, Evelyn Partners Fund Solutions Limited.

Neil Coxhead

Director

Evelyn Partners Fund Solutions Limited

6 September 2024

## Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes sourcebook ('COLL') and the Investment Funds sourcebook ('FUND') published by the FCA, require the Authorised Corporate Director ('ACD') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net revenue and net capital gains on the scheme property of the Company for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for the Financial Statements of UK Authorised Funds ('the SORP') issued by The Investment Association in May 2014 and amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- taking reasonable steps for the prevention and detection of fraud and irregularities; and
- the maintenance and integrity of the Company's information on the ACD's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.









COLL also requires the ACD to carry out an Assessment of Value on the Company and publish this assessment within the Annual Report.

The ACD is responsible for the management of the Company in accordance with the Instrument of Incorporation, the Prospectus, COLL and FUND.




## Assessment of Value - Hercules Growth Fund

In line with the provisions contained within COLL 6.6.20R, the Board of Evelyn Partners Fund Solutions Limited ('EPFL') as Authorised Corporate Director ('ACD'), has carried out an Assessment of Value for Hercules Growth Fund ('the sub-fund'). Furthermore, the rules require that EPFL publishes these assessments.

A high-level summary of the outcome of EPFL's rigorous review of the sub-fund, for the year ended 31 May 2024 using the seven criteria set by the FCA is set out below:

1. Quality of Service	
2. Performance	
3. ACD Costs	
4. Economies of Scale	
5. Comparable Market Rates	
6. Comparable Services	
7. Classes of Shares	
Overall Rating	

EPFL has adopted a traffic light system to show how it rated the sub-fund:

-  On balance, the Board believes the sub-fund has delivered value to shareholders, with no material issues noted.
-  On balance, the Board believes the sub-fund has delivered value to shareholders, but may require some action.
-  On balance, the Board believes the sub-fund has not delivered value to shareholders and significant remedial action is now planned by the Board.

How EPFL assessed each of the seven criteria and the rating arrived at are discussed in greater detail on the following pages.

EPFL has created an Assessment of Value Committee ('AVC'), for the review, challenge and approval of all funds' Assessments of Value. Ultimately the assessments will be subject to scrutiny by the Board (which includes independent directors) to ensure the outcomes of the assessments are clear and fair, before final sign-off by the chair of the Board prior to communicating to investors if the sub-fund has delivered value, and if not, where improvements need to be made.

In carrying out the assessment, the EPFL AVC has separately considered, the following seven criteria stipulated by the FCA. The Committee may also have considered other issues where it was deemed appropriate.

EPFL believes the Assessment of Value can make it easier for investors to both evaluate whether the sub-fund is providing them with value for money and make more informed decisions when choosing investments.

The seven criteria are:

- (1) Quality of service – the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;
- (2) Performance – how the sub-fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;
- (3) ACD costs – the fairness and value of the sub-fund's costs, including entry and exit fees, early redemption fees, administration charges;
- (4) Economies of scale – how costs have been or can be reduced as a result of increased assets-under-management ('AUM'), and whether or not those savings have been passed on to investors;
- (5) Comparable market rates – how the costs of the sub-fund compare with others in the marketplace;
- (6) Comparable services – how the charges applied to the sub-fund compare with those of other funds administered by EPFL;
- (7) Classes of shares – the appropriateness of the classes of shares in the sub-fund for investors.

## Assessment of Value - Hercules Growth Fund (continued)

### 1. Quality of Service

What was assessed in this section?

#### Internal Factors

EPFL, as ACD, has overall responsibility for the sub-fund. The Board assessed, amongst other things: the day-to-day administration of the sub-fund; the maintenance of scheme documentation (such as prospectuses and key investor information documents ('KIIDs')); the pricing and valuation of shares; the calculation of income and distribution payments; the maintenance of accounting and other records; the preparation of annual audited and half-yearly Report & Accounts; the review of tax provisions and submission of tax computations to HMRC; the maintenance of the register of shareholders; the dealing and settlement arrangements and the quality of marketing material sent to shareholders. EPFL delegates the Investment Management of the sub-fund to an Investment Management firm.

The Board reviewed information provided by EPFL's control functions on the adequacy of its internal services, including governance, operations and monitoring. Elements important to the investor experience such as the timely payment of settlement and distribution monies were also reviewed. Over the past year, EPFL has been audited by internal and external auditors, the sub-fund's Depositary and various EPFL delegated Investment Managers.

#### External Factors

The Board assessed the delegate's skills, processes and experience. Also considered were any results from service review meetings as well as the annual due diligence performed by EPFL on the delegated Investment Manager, Close Asset Management Limited, where consideration was given to, amongst other things, the delegate's controls around the sub-fund's liquidity management.

The Board also considered the nature, extent and quality of administrative and shareholder services performed under separate agreements covering depositary services, custodians, as well as services provided with regard to both audit and legal functions.

What was the outcome of the assessment?

#### Internal Factors

The Board recognised that all distribution and settlement monies were paid in a timely manner and that there were no significant findings as a result of the various audits performed on EPFL during the year. In addition, EPFL has performed its own independent analysis, using automated systems, of the sub-fund's liquidity. The Board concluded that EPFL had carried out its duties diligently.

#### External Factors

The Board concluded that the nature, extent and quality of the services provided by the external parties have benefitted and should continue to benefit the sub-fund and its shareholders.

Were there any follow up actions?

There were no follow-up actions required.

### 2. Performance

What was assessed in this section?

The Board reviewed the performance of the sub-fund, after the deduction of all payments out of the scheme property as set out in the Prospectus. Performance, against its benchmark, was considered over appropriate timescales having regard to the sub-fund's investment objective, policy and strategy. The Board also considered whether an appropriate level of market risk had been taken.

#### Investment Objective

The sub-fund seeks to produce a total return (i.e. capital gain and income) over the medium to longer term.

#### Benchmark

As ACD, EPFL is required to explain in a fund's scheme documentation why a benchmark is being used or alternatively explain how investors should assess performance of a fund in the absence of a benchmark.

## Assessment of Value - Hercules Growth Fund (continued)

### 2. Performance (continued)

#### Benchmark (continued)

The benchmark for the sub-fund is the ARC Sterling Equity Risk PCI, which is a comparator. A 'comparator' benchmark is an index or similar factor against which an Investment Manager invites investors to compare a fund's performance. Details of how the sub-fund had performed against its comparator benchmark over various timescales can be found below.

Cumulative Performance as at 30 April 2024 (%)

	Currency	1 year	3 years	5 years
ARC Sterling Equity Risk PCI TR in GB	GBP	8.98	5.46	25.35
Hercules Growth Fund Acc in GB	GBX	14.32	6.76	35.75

Data provided by FE fundinfo. Care has been taken to ensure that the information is correct but FE fundinfo neither warrants, represents nor guarantees the contents of the information, nor does it accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.

Performance is calculated net of fees. Past performance is not a guide to future performance.

What was the outcome of the assessment?

The Board assessed the performance of the sub-fund over the recommended investment period of five years and observed that it had outperformed its comparator benchmark, ARC Sterling Equity Risk PCI.

Consideration was given to the risk metrics associated with the sub-fund which focused on, amongst other things, volatility and risk adjusted returns where EPFL were comfortable that the outcomes were in line with the sub-fund's performance.

The Board found that the sub-fund is investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last 12 months.

Were there any follow up actions?

There were no follow-up actions required.

### 3. ACD Costs

What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflected the services provided. This included annual management charge ('AMC'), Depositary/Custodian fees and audit fee. The AMC includes the ACD's periodic charge and the Investment Manager's fee.

The charges should be transparent and understandable to the investor, with no hidden costs.

What was the outcome of the assessment?

The Board received and considered information about each of the sub-fund's costs, and concluded that they were fair, reasonable and were provided on a competitive basis.

Were there any follow up actions?

There were no follow-up actions required.

### 4. Economies of Scale

What was assessed in this section?

The Board reviewed each separate fee structure and the AUM of the sub-fund to examine the effect on the sub-fund to potential and existing investors should it increase or decrease in value.

What was the outcome of the assessment?

Both the ACD fee and the Investment Management fee are a fixed percentage charge meaning there are no opportunities for savings going forward should the sub-fund grow in size.

The ancillary charges of the sub-fund represent 8 basis points<sup>1</sup>. Some of these costs are fixed and as the sub-fund grows in size, may result in a small reduction in the basis point cost of these services.

Were there any follow up actions?

There were no follow-up actions required.

<sup>1</sup> One basis point is equal to 1/100th of 1%, or 0.01%. Figure calculated at interim report, 30 November 2023.



## Assessment of Value - Hercules Growth Fund (continued)

### 5. Comparable Market Rates

What was assessed in this section?

The Board reviewed the ongoing charges figure ('OCF') of the sub-fund and how those charges affected its returns.

The OCF of the sub-fund was compared against the 'market rate' of similar external funds.

What was the outcome of the assessment?

The OCF of 0.75%<sup>2</sup> compared favourably with those of similar externally managed funds.

Note that there is not a performance fee and that EPFL has not charged an entry fee, exit fee or any other event-based fees on this sub-fund.

Were there any follow up actions?

There were no follow-up actions required.

### 6. Comparable Services

What was assessed in this section?

The Board compared the sub-fund's Investment Management fee with those of other funds administered by EPFL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

The Investment Management fee compared favourably with other EPFL administered funds displaying similar characteristics.

Were there any follow up actions?

There were no follow-up actions required.

### 7. Classes of Shares

What was assessed in this section?

The Board reviewed the sub-fund's set-up to ensure that where there were multiple share classes shareholders were in the correct share class given the size of their holding.

What was the outcome of the assessment?

There is only one share class in the sub-fund, therefore this part of the assessment does not apply.

Were there any follow up actions?

There were no follow-up actions required.

### Overall Assessment of Value

The Board concluded that Hercules Growth Fund had provided value to investors.

Dean Buckley

Chairman of the Board of Evelyn Partners Fund Solutions Limited

31 July 2024

### Consumer Feedback

On reviewing this Assessment of Value report, we would welcome invaluable feedback from investors via our short questionnaire which can be found online:

<https://www.evelyn.com/services/fund-solutions/assessment-of-value/>

Investors views are invaluable to the development and delivery of this report.

Should you be unable to access the questionnaire online please contact us directly on 0141 222 1151 and we will provide you with a paper copy of the questionnaire.

<sup>2</sup> Figure calculated at interim report, 30 November 2023.

## Report of the Depositary to the shareholders of Hercules Managed Funds

### Depositary's responsibilities

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

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

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

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are 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 revenue is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ('AIFM') are carried out (unless they conflict with the Regulations).

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

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue 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  
6 September 2024

## Independent Auditor's report to the shareholders of Hercules Managed Funds

### Opinion

We have audited the financial statements of Hercules Managed Funds (the 'Company') for the year ended 31 May 2024, which comprise the Statement of total return, Statement of change in shareholders' funds, Balance sheet, the related Notes to the financial statements, including significant accounting policies and the Distribution table. 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 May 2024 and of the net revenue and the net capital gains 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 Corporate Director'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 Corporate Director's 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 Corporate Director 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 Corporate Director for the year is consistent with the financial statements.

## Independent Auditor's report to the shareholders of Hercules Managed Funds (continued)

### Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of the Authorised Corporate Director's responsibilities set out on page 4, the Authorised Corporate Director 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 Corporate Director 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 Corporate Director 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 Corporate Director either intends to wind up the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor 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;
- The Financial Conduct Authority's Investment Funds sourcebook; 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 Corporate Director. We corroborated these enquiries through our review of submitted returns, external inspections, relevant correspondence with regulatory bodies and the Company's breaches register.

## Independent Auditor's report to the shareholders of Hercules Managed Funds (continued)

### 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)*

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 Corporate Director was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Authorised Corporate Director 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.

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 Corporate Director 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;
- Assessing the Company's compliance with the key requirements of the Collective Investment Schemes sourcebook, Investment Funds 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  
Bishop's Court  
29 Albyn Place  
Aberdeen AB10 1YL  
6 September 2024

## Accounting policies of Hercules Managed Funds for the year ended 31 May 2024

### a *Basis of accounting*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments. They have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and in accordance with the Statement of Recommended Practice for UK Authorised Funds ('the SORP') published by The Investment Association in May 2014 and amended in June 2017, and the requirements of the Collective Investment Schemes sourcebook ('COLL') and the Investment Funds sourcebook ('FUND').

The ACD has considered a detailed assessment of the sub-fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the sub-fund continues to be open for trading and the ACD is satisfied the sub-fund has adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

### b *Valuation of investments*

The purchases and sales of investments are included up to close of business on the last business day of the accounting year.

Purchases and sales of investments are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver an asset arises.

The quoted investments of the sub-fund have been valued at the global closing bid-market prices ruling on the principal markets on which the stocks are quoted on the last business day of the accounting year.

Collective investment schemes are valued at the bid price for dual priced funds and at the single price for single priced funds and are valued at their most recent published price prior to the close of business valuation on 31 May 2024.

Where an observable market price is unreliable or does not exist, investments are valued at the ACD's best estimate of the amount that would be received from an immediate transfer at arm's length.

### c *Foreign exchange*

The base currency of the sub-fund is UK sterling which is taken to be the sub-fund's functional currency.

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of such transactions. The resulting exchange differences are disclosed in note 2 of the Notes to the financial statements.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

### d *Revenue*

Revenue is recognised in the Statement of total return on the following basis:

Dividends from quoted equity instruments and non equity shares are recognised as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

Overseas dividends are recognised as revenue gross of any withholding tax and the tax consequences are recognised within the tax expense.

Distributions from collective investment schemes are recognised as revenue on the date the securities are quoted ex-dividend. Equalisation on distributions from collective investment schemes is deducted from the cost of the investment and does not form part of the sub-fund's distribution.

Distributions from collective investment schemes which are re-invested on behalf of the sub-fund are recognised as revenue on the date the securities are quoted ex-dividend and form part of the sub-fund's distribution.

Excess reportable income from reporting offshore funds is recognised as revenue when the reported distribution rate is available and forms part of the sub-fund's distribution.

Special dividends are treated as either revenue or a repayment of capital depending on the facts of each particular case.

Interest on bank deposits and short term deposits is recognised on an accruals basis.

## Accounting policies of Hercules Managed Funds (continued)

for the year ended 31 May 2024

### d Revenue (continued)

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Fund. The effective yield is a calculation that amortises any discount or premium on the purchase of an investment over its remaining life based on estimated cash flows. The amortised amounts form part of the distributable revenue and are calculated at each month end.

### e Expenses

All expenses, other than those relating to the purchase and sale of investments, are charged to revenue on an accrual basis.

### f Taxation

Tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

UK corporation tax is provided as amounts to be paid/recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at 31 May 2024 to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Provision for deferred tax assets are only made to the extent the timing differences are expected to be of future benefit.

All foreign dividend revenue is recognised as a gross amount which includes any withholding tax deducted at source. Where foreign tax is withheld in excess of the applicable treaty rate a tax debtor is recognised to the extent that the overpayment is considered recoverable.

### g Efficient Portfolio Management

Where appropriate, certain permitted instruments such as derivatives or forward currency contracts may be used for Efficient Portfolio Management purposes. Where such instruments are used to protect or enhance revenue, the revenue or expenses derived therefrom are included in the Statement of total return as revenue related items and form part of the distribution. Where such instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in the Statement of total return as capital related items.

### h Dilution levy

The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all shareholders and potential shareholders. Please refer to the Prospectus for further information.

### i Distribution policies

#### i Basis of distribution

The distribution policy is to distribute all available revenue after deduction of expenses payable from revenue. Distributions attributable to accumulation shares are re-invested in the sub-fund on behalf of the shareholders.

#### ii Revenue

All revenue is included in the final distribution with reference to policy d.

#### iii Expenses

Expenses incurred against the revenue of the sub-fund are included in the final distribution, subject to any expense which may be transferred to capital for the purpose of calculating the distribution, with reference to policy e.

## Hercules Growth Fund

### Investment Manager's report

#### Investment performance\*

For the year to 31 May 2024 the sub-fund rose by 15.54% (bid to bid basis, 12pm prices) which compares to the ARC Sterling Equity Risk PCI rise of 12.44% (total return basis).

#### Investment activities\*

In terms of the asset categories please see comments below:

##### *Liquidity*

Within the year the Monetary Policy Committee ('MPC') continued to tighten monetary policy by increasing the UK interest rates twice to 5.25% as at 31 May 2024. It is our view that the UK has reached the peak of the interest rate cycle and we anticipate rate cuts as inflation pressures recede. This should be positive news for UK risk assets. Due to the objective of long term growth the sub-fund will not hold significant cash balances.

##### *Fixed Interest*

Government bond yields moved sideways over the year and as at 31 May 2024 the UK 10 Year Gilt Yield was 4.317%. Due to the low yields available and the objective of long-term growth we are not looking to add to the asset class.

##### *UK Equities*

The UK equity market rose by 15% over the year with the bulk of the gain arising in the calendar year 2024. This was due to weaker inflation data which brought forward the chance of interest rate cuts to the summer of 2024. UK equities are attractively valued and there have been a number of takeovers at significant premiums to pre bid share prices.

##### Movers include:

3i Group +51.93% - as its large stake in European retailer Action Group saw significant growth with the store roll out set to continue.

BAE Systems +51.10%, Melrose +27.12% - defence and aerospace spending remains strong and both companies have attractive order books going forward.

Shell + 30.38% - continues to execute well and continues to generate very high free cash flow which is being returned to shareholders via increased dividends and share buy backs.

DS Smith +31.73% - taken over by International Paper at large premium. We are holding as we believe the synergies will be significant over time.

Whitbread -7.98% - hit by concern over weaker UK consumer market. We believe management is restructuring the business and there is scope for further share buy-back and share price recovery.

Smith & Nephew -15.02% - recovery from delays to pre covid revenues has taken longer than anticipated. It is interesting to note activist investor Elliott took a 5% stake and we think this illustrates the value in the business. We are retaining as we see scope for the share price to recover.

We continue to see value in UK blue chip equities which are trading on significant discounts to overseas markets. We have also increased positions in UK smaller companies via addition to the River & Mercantile UK Micro Cap Investment.

##### *International Equities*

There was a return to favour for US Technology shares which saw Microsoft rising 23.85%, Booking Holdings 46.17% and Alphabet 'A' 37.27%. Whilst valuations have seen a re-rating, we remain confident in the longer-term outlook for these global leading companies and they are very much core positions within the sub-fund.

Novo Nordisk, the Danish pharmaceutical company, rose by 69.32% as its diabetes drugs saw increased demand. Novo's weight loss drug Wegovy saw increased sales and this appears to have the chance of being a blockbuster product. Again, we are holding the position awaiting further trial data on cardiovascular outcomes.

Weak Chinese growth continues despite government attempts to stimulate growth. We are underweight Emerging Markets and as yet are not looking to change this allocation.

\*Source: Bloomberg and Financial Express Analytics.



## Investment Manager's report (continued)

### Investment strategy and outlook

As we approach the halfway point of the year, we see that market moves have been broadly supportive for equities, despite the reappraisal of interest rate cut expectations, though the landscape has been less supportive for bonds. Rate cut expectations have continued to be tested, in the US especially, by stronger economic data. Expectations continued to shift over the month, and have moved significantly of late from anticipating a first cut in July at the start of April, to a first cut in November and, latterly, December come the start of June. While large technology stocks continue to do most of the heavy lifting, dragging global equity market indices higher, performance is now broadening out, with financials and industrials also enjoying an upswing.

The market received news of an early UK general election with equanimity, and we do not expect the outcome to precipitate political turmoil, given that there is limited room between the two major parties' agendas. In the US, former president Donald Trump's criminal conviction may influence undecided votes, and we may see a rise in volatility as the race progresses towards the November election date. When considering which assets are likely to perform in 2024, the prospect of interest rate cuts should offer relief to asset prices across equities and bonds. Soft economic growth and falling inflation are not a supportive combination for nominal corporate earnings, and this may weigh on equities, but there are signs of stronger activity in manufacturing and industry. For now, we remain selective in our equity investments, favouring stocks with a strong earnings driver.

Close Asset Management Limited

1 August 2024

## Summary of portfolio changes

for the year ended 31 May 2024

The following represents the major purchases and sales in the year to reflect a clearer picture of the investment activities.

Purchases:	Cost £
Alphabet 'A'	447,714
Mastercard	422,152
Rightmove	418,794
NatWest Group	325,239
Amazon.com	319,214
Compass Group	308,371
Freeport-McMoRan	304,223
Wise	282,360
Microsoft	266,169
Rolls-Royce Holdings	263,102
Nippon Active Value Fund	259,537
JPMorgan Japanese Investment Trust	257,159
Take-Two Interactive Software	253,095
Polar Capital Technology Trust	240,873
Yellow Cake	233,335
Amundi Nasdaq 100 UCITS ETF	231,496
NIKE	215,051
Palo Alto Networks	214,705
JPMorgan US Smaller Companies Investment Trust	202,941
Adobe	172,594

Sales:	Proceeds £
Lloyds Banking Group	518,262
Palo Alto Networks	449,562
Tesco	360,603
Anheuser-Busch InBev	315,643
HSBC Holdings	294,521
Adobe	275,341
Prudential	254,345
Invesco Physical Gold	231,870
Amundi Nasdaq 100 UCITS ETF	229,454
Admiral Group	227,965
BlackRock World Mining Trust	217,289
Roche Holding	213,486
Rio Tinto	211,299
Diageo	194,826
NIKE	192,269
Lockheed Martin	172,188
First Trust US Equity Income UCITS ETF	170,846
Pantheon Infrastructure	163,835
Amadeus IT Group	162,904
BB Healthcare Trust	152,923

Portfolio statement  
as at 31 May 2024

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities 70.39% (67.33%)			
Equities - United Kingdom 40.65% (43.92%)			
Equities - incorporated in the United Kingdom 37.24% (41.34%)			
Energy 7.34% (7.13%)			
BP	145,000	707,745	2.46
Shell	50,000	1,405,750	4.88
		<u>2,113,495</u>	<u>7.34</u>
Materials 2.43% (3.15%)			
Anglo American	15,000	376,650	1.31
DS Smith	85,000	323,850	1.12
		<u>700,500</u>	<u>2.43</u>
Industrials 8.82% (7.09%)			
Ashtead Group	8,500	482,800	1.68
BAE Systems	60,000	834,900	2.90
Jet2.com	30,000	398,400	1.38
Melrose Industries	90,000	554,040	1.92
Rolls-Royce Holdings	60,000	271,980	0.94
		<u>2,542,120</u>	<u>8.82</u>
Consumer Discretionary 3.67% (3.82%)			
Compass Group	15,000	328,650	1.14
Dowlais Group	290,000	200,390	0.70
THG	120,000	82,800	0.29
Whitbread	15,000	442,800	1.54
		<u>1,054,640</u>	<u>3.67</u>
Consumer Staples 0.00% (2.25%)		-	-
Health Care 1.20% (1.70%)			
Smith & Nephew	35,000	346,640	1.20
Financials 10.87% (14.00%)			
3i Group	37,500	1,073,625	3.73
Admiral Group	8,000	217,120	0.75
AJ Bell	90,000	346,500	1.20
Legal & General Group	160,000	400,000	1.39
London Stock Exchange Group	2,000	183,200	0.64
NatWest Group	100,000	315,000	1.09
Standard Chartered	35,000	272,090	0.94
Wise	40,000	324,800	1.13
		<u>3,132,335</u>	<u>10.87</u>
Communication Services 1.39% (0.00%)			
Rightmove	75,000	399,750	1.39

## Portfolio statement (continued)

as at 31 May 2024

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities (continued)			
Equities - United Kingdom (continued)			
Equities - incorporated in the United Kingdom (continued)			
Utilities 1.31% (1.56%)			
National Grid	40,000	352,960	1.23
National Grid Rights^	11,666	22,871	0.08
		<u>375,831</u>	<u>1.31</u>
Real Estate 0.21% (0.64%)			
Ediston Property Investment^^	150,000	-	-
Urban Logistics REIT	50,000	59,400	0.21
		<u>59,400</u>	<u>0.21</u>
Total equities - incorporated in the United Kingdom		<u>10,724,711</u>	<u>37.24</u>
Equities - incorporated outwith the United Kingdom 3.41% (2.60%)			
Materials 1.67% (1.49%)			
Glencore	100,000	480,750	1.67
Industrials 1.74% (1.03%)			
Experian	9,000	324,630	1.13
Yellow Cake	27,500	175,450	0.61
		<u>500,080</u>	<u>1.74</u>
Consumer Discretionary 0.00% (0.08%)		-	-
Total equities - incorporated outwith the United Kingdom		<u>980,830</u>	<u>3.41</u>
Total equities - United Kingdom		<u>11,705,541</u>	<u>40.65</u>
Equities - Europe 7.47% (8.56%)			
Equities - Belgium 0.00% (1.21%)		-	-
Equities - Denmark 2.76% (1.96%)			
Novo Nordisk	7,500	795,629	2.76
Equities - Ireland 2.12% (1.53%)			
CRH	10,000	611,800	2.12
Equities - Luxembourg 0.95% (0.51%)			
B&M European Value Retail	50,000	272,200	0.95
Equities - Netherlands 0.97% (0.70%)			
ASML Holding	375	278,436	0.97

^ National Grid Nil Paid Rights were redeemed on 10 June 2024.

^^ Ediston Property Investment has been valued at nil by the Fair Value Pricing Committee as the security is in liquidation.

Portfolio statement (continued)  
as at 31 May 2024

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities (continued)			
Equities - Europe (continued)			
Equities - Spain 0.67% (1.62%)			
Amadeus IT Group	3,500	193,980	0.67
Equities - Switzerland 0.00% (1.03%)		-	-
Total equities - Europe		2,152,045	7.47
Equities - North America 22.27% (14.85%)			
Equities - Canada 1.86% (2.19%)			
Barrick Gold	40,000	534,932	1.86
Equities - United States 20.41% (12.66%)			
Adobe	300	104,788	0.36
Alphabet 'A'	4,000	541,910	1.88
Amazon.com	3,000	415,740	1.44
Berkshire Hathaway	1,750	570,152	1.98
Booking Holdings	210	622,866	2.16
Deere	1,000	294,125	1.02
EOG Resources	3,750	367,077	1.28
Freeport-McMoRan	7,500	310,497	1.08
Marsh & McLennan	1,900	309,922	1.08
Mastercard	1,250	438,727	1.52
Microsoft	1,500	489,232	1.70
Newmont	12,000	395,193	1.37
Palo Alto Networks	1,000	231,723	0.80
Take-Two Interactive Software	2,000	251,917	0.88
Visa	2,500	535,265	1.86
Total equities - United States		5,879,134	20.41
Total equities - North America		6,414,066	22.27
Total equities		20,271,652	70.39
Closed-Ended Funds - United Kingdom 24.55% (23.56%)			
Closed-Ended Funds - incorporated in the United Kingdom 22.52% (21.68%)			
abrdn New India Investment Trust	40,000	296,000	1.03
Aberforth Smaller Companies Trust	15,000	229,200	0.80
Ashoka India Equity Investment Trust	150,000	394,500	1.37
CC Japan Income & Growth Trust	275,000	504,625	1.75
CQS Natural Resources Growth and Income	120,000	236,400	0.82
European Smaller Companies	175,000	325,500	1.13
Gabelli Value Plus + Trust <sup>^</sup>	125,000	-	-
ICG Enterprise Trust	15,000	182,700	0.63
Invesco Asia Trust	175,000	549,500	1.91

<sup>^</sup> Gabelli Value Plus + Trust has been valued at nil by the Fair Value Pricing Committee as the security is in liquidation.

## Portfolio statement (continued)

as at 31 May 2024

	Nominal value or holding	Market value £	% of total net assets
Investment			
Closed-Ended Funds (continued)			
Closed-Ended Funds - incorporated in the United Kingdom (continued)			
JPMorgan American Investment Trust	100,000	941,000	3.27
JPMorgan Global Emerging Markets Income Trust	100,000	129,500	0.45
JPMorgan Japanese Investment Trust	100,000	516,000	1.79
JPMorgan US Smaller Companies Investment Trust	50,000	193,000	0.67
Jupiter Emerging & Frontier Income Trust <sup>^</sup>	100,000	-	-
Nippon Active Value Fund	250,000	415,000	1.44
Odyssean Investment Trust	160,000	267,200	0.93
Pacific Assets Trust	60,000	217,800	0.76
Patria Private Equity Trust	50,000	286,000	0.99
Polar Capital Technology Trust	10,000	298,500	1.04
Schroder Asian Total Return Investment	50,000	218,000	0.76
Schroder British Opportunities Trust	235,000	166,850	0.58
Templeton Emerging Markets Investment Trust	75,000	115,950	0.40
Total closed-ended funds - incorporated in the United Kingdom		<u>6,483,225</u>	<u>22.52</u>
Closed-Ended Funds - incorporated outwith the United Kingdom 2.03% (1.88%)			
Merian Chrysalis Investment	250,000	201,750	0.70
River & Mercantile UK Micro Cap Investment	103,859	184,869	0.64
Taylor Maritime Investments	250,000	198,319	0.69
Total closed-ended funds - incorporated outwith the United Kingdom		<u>584,938</u>	<u>2.03</u>
Total closed-ended funds - United Kingdom		<u>7,068,163</u>	<u>24.55</u>
Offshore Collective Investment Schemes 1.42% (2.19%)			
L&G Cyber Security UCITS ETF	23,090	<u>407,865</u>	<u>1.42</u>

<sup>^</sup> Jupiter Emerging & Frontier Income Trust has been valued at nil by the Fair Value Pricing Committee as the security is in liquidation.

## Portfolio statement (continued)

as at 31 May 2024

	Nominal value or holding	Market value £	% of total net assets
Investment			
Exchange Traded Commodities 1.84% (2.79%)			
Invesco Physical Gold	3,000	529,100	1.84
Portfolio of investments		28,276,780	98.20
Other net assets		517,852	1.80
Total net assets		28,794,632	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 31 May 2023.

United Kingdom equities are grouped in accordance with Global Industry Classification Standard ('GICS').

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### Risk and reward profile\*

The risk and reward indicator table demonstrates where the sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the sub-fund. The shaded area in the table below shows the sub-fund's ranking on the risk and reward indicator.

Typically lower rewards, lower risk ←				Typically higher rewards, higher risk →		
1	2	3	4	5	6	7

The sub-fund is in a higher category because the price of its investments have risen or fallen frequently and more dramatically than some other types of investment. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

For full details on risk factors for the sub-fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

\* As per the KIID published on 26 March 2024.



## Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the sub-fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the sub-fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	2024	2023	2022
Accumulation shares	p	p	p
Change in net assets per share			
Opening net asset value per share	232.59	239.07	254.65
Return before operating charges	39.28	(4.27)	(13.18)
Operating charges	(1.84)	(2.21)	(2.40)
Return after operating charges *	37.44	(6.48)	(15.58)
Distributions <sup>^</sup>	(3.97)	(5.27)	(4.03)
Retained distributions on accumulation shares <sup>^</sup>	3.97	5.27	4.03
Closing net asset value per share	270.03	232.59	239.07
* after direct transaction costs of:	0.19	0.22	0.30
Performance			
Return after charges	16.10%	(2.71%)	(6.12%)
Other information			
Closing net asset value (£)	28,794,632	24,803,819	25,495,778
Closing number of shares	10,663,312	10,664,001	10,664,591
Operating charges <sup>^^</sup>	0.74%	0.96%	0.94%
Direct transaction costs	0.08%	0.10%	0.12%
Published prices			
Highest share price	275.4	244.7	270.8
Lowest share price	234.9	213.7	234.5

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

<sup>^</sup> Rounded to 2 decimal places.

<sup>^^</sup> The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which may occur in a year as it is calculated on historical data.

The OCF includes expenses incurred by underlying holdings of collective investment schemes and closed ended vehicles such as investment trusts in relation to the sub-fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 30 November 2023, the synthetic OCF calculation no longer includes closed ended vehicles.

## Financial statements - Hercules Growth Fund

Statement of total return  
for the year ended 31 May 2024

	Notes	2024		2023	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		3,568,806		(1,252,476)
Revenue	3	629,413		758,430	
Expenses	4	<u>(194,254)</u>		<u>(179,423)</u>	
Net revenue before taxation		435,159		579,007	
Taxation	5	<u>(11,441)</u>		<u>(17,153)</u>	
Net revenue after taxation			<u>423,718</u>		<u>561,854</u>
Total return before distributions			3,992,524		(690,622)
Distributions	6		(423,664)		(561,896)
Change in shareholders' funds from investment activities			<u><u>3,568,860</u></u>		<u><u>(1,252,518)</u></u>

Statement of change in shareholders' funds  
for the year ended 31 May 2024

	2024	2023
	£	£
Opening net assets	24,803,819	25,495,778
Amounts payable on cancellation of shares	(1,700)	(1,327)
Change in shareholders' funds from investment activities	3,568,860	(1,252,518)
Retained distributions on accumulation shares	423,653	561,886
Closing net assets	<u><u>28,794,632</u></u>	<u><u>24,803,819</u></u>

Balance sheet  
as at 31 May 2024

	Notes	2024 £	2023 £
Assets:			
Fixed assets:			
Investments		28,276,780	23,780,029
Current assets:			
Debtors	7	100,269	121,718
Cash and cash equivalents	8	427,943	1,093,218
Total assets		<u>28,804,992</u>	<u>24,994,965</u>
Liabilities:			
Creditors:			
Other creditors	9	(10,360)	(191,146)
Total liabilities		<u>(10,360)</u>	<u>(191,146)</u>
Net assets		<u>28,794,632</u>	<u>24,803,819</u>
Shareholders' funds		<u>28,794,632</u>	<u>24,803,819</u>

Notes to the financial statements  
for the year ended 31 May 2024

1. Accounting policies

The accounting policies are disclosed on pages 13 and 14.

2. Net capital gains / (losses)	2024	2023
	£	£
Non-derivative securities - realised (losses) / gains	(207,741)	87,857
Non-derivative securities - movement in unrealised gains / (losses)	3,801,673	(1,338,095)
Currency losses	(23,806)	(7,366)
Forward currency contracts gains	616	-
Capital special dividend	-	7,425
Compensation	68	20
Transaction charges	(2,004)	(2,317)
Total net capital gains / (losses)	<u>3,568,806</u>	<u>(1,252,476)</u>
3. Revenue	2024	2023
	£	£
UK revenue	479,227	528,646
Unfranked revenue	7,103	18,017
Overseas revenue	137,635	203,226
Interest on debt securities	-	3,584
Bank and deposit interest	5,448	4,957
Total revenue	<u>629,413</u>	<u>758,430</u>
4. Expenses	2024	2023
	£	£
Payable to the ACD and associates		
ACD's periodic charge*	39,873	36,863
Investment Manager's fee*	132,908	122,876
	<u>172,781</u>	<u>159,739</u>
Payable to the Depositary		
Depositary fees	<u>9,110</u>	<u>9,000</u>
Other expenses:		
Audit fee	8,700	7,242
Non-executive directors' fees	1,787	1,614
Safe custody fees	1,268	1,060
Bank interest	-	1
FCA fee	150	267
KIID production fee	458	500
	<u>12,363</u>	<u>10,684</u>
Total expenses	<u>194,254</u>	<u>179,423</u>

\* The annual management charge is 0.65% and includes the ACD's periodic charge and the Investment Manager's fee.

Notes to the financial statements (continued)  
for the year ended 31 May 2024

5. Taxation

	2024	2023
	£	£
<i>a. Analysis of the tax charge for the year</i>		
Overseas tax withheld	11,441	17,153
Total taxation (note 5b)	<u>11,441</u>	<u>17,153</u>

*b. Factors affecting the tax charge for the year*

The tax assessed for the year is lower (2023: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2023: 20%). The differences are explained below:

	2024	2023
	£	£
Net revenue before taxation	<u>435,159</u>	<u>579,007</u>
Corporation tax @ 20%	87,032	115,801
Effects of:		
UK revenue	(95,845)	(105,729)
Overseas revenue	(27,527)	(40,645)
Overseas tax withheld	11,440	17,153
Excess management expenses	36,341	30,573
Total taxation (note 5a)	<u>11,441</u>	<u>17,153</u>

*c. Provision for deferred taxation*

At the year end, a deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £299,936 (2023: £263,595).

6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2024	2023
	£	£
Final accumulation distribution	<u>423,653</u>	<u>561,886</u>
Equalisation:		
Amounts deducted on cancellation of shares	11	10
Total net distributions	<u>423,664</u>	<u>561,896</u>

Reconciliation between net revenue and distributions:

Net revenue after taxation per Statement of total return	423,718	561,854
Undistributed revenue brought forward	18	60
Undistributed revenue carried forward	(72)	(18)
Distributions	<u>423,664</u>	<u>561,896</u>

Details of the distribution per share are disclosed in the Distribution table.

Notes to the financial statements (continued)  
for the year ended 31 May 2024

7. Debtors	2024	2023
	£	£
Accrued revenue	87,457	110,658
Recoverable overseas withholding tax	12,479	11,060
Prepaid expenses	333	-
Total debtors	<u>100,269</u>	<u>121,718</u>
8. Cash and cash equivalents	2024	2023
	£	£
Total cash and cash equivalents	<u>427,943</u>	<u>1,093,218</u>
9. Other creditors	2024	2023
	£	£
Purchases awaiting settlement	-	169,691
Currency trades outstanding	-	580
Accrued expenses:		
Payable to the ACD and associates		
Investment management fees	<u>-</u>	<u>11,450</u>
Other expenses:		
Safe custody fees	554	179
Audit fee	8,700	7,560
Non-executive directors' fees	730	1,366
FCA fee	28	46
KIID production fee	-	208
Transaction charges	<u>348</u>	<u>66</u>
	<u>10,360</u>	<u>9,425</u>
Total accrued expenses	<u>10,360</u>	<u>20,875</u>
Total other creditors	<u>10,360</u>	<u>191,146</u>

10. Commitments and contingent liabilities

At the balance sheet date there are no commitments or contingent liabilities.

11. Share classes

The following reflects the change in shares in issue in the year:

	Accumulation shares
Opening shares in issue	10,664,001
Total shares cancelled in the year	(689)
Closing shares in issue	<u>10,663,312</u>

Further information in respect of the return per share is disclosed in the Comparative table.

## Notes to the financial statements (continued)

for the year ended 31 May 2024

### 12. Related party transactions

Evelyn Partners Fund Solutions Limited, as ACD is a related party due to its ability to act in respect of the operations of the sub-fund.

The ACD acts as principal in respect of all transactions of shares in the sub-fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in shareholders' funds of the sub-fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

### 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per accumulation share has increased from 270.0p to 273.8p as at 30 August 2024. This movement takes into account routine transactions but also reflects the market movements of recent months.

### 14. Transaction costs

#### a Direct transaction costs

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to agents, advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs	Commission		Taxes		Purchases after transaction costs
	£	£	%	£	%	£
2024						
Equities	5,126,943	2,221	0.04%	8,682	0.17%	5,137,846
Closed-Ended Funds	1,477,256	678	0.05%	7,080	0.48%	1,485,014
Collective Investment Schemes	231,450	46	0.02%	-	-	231,496
Total	6,835,649	2,945	0.11%	15,762	0.65%	6,854,356

	Purchases before transaction costs	Commission		Taxes		Purchases after transaction costs
	£	£	%	£	%	£
2023						
Equities	4,770,654	2,178	0.05%	11,410	0.24%	4,784,242
Closed-Ended Funds	1,883,810	877	0.05%	6,038	0.32%	1,890,725
Bonds*	147,000	-	-	-	-	147,000
Collective Investment Schemes	632,993	102	0.02%	-	-	633,095
Total	7,434,457	3,157	0.12%	17,448	0.56%	7,455,062

Capital events amount of £nil (2023: £36,360) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

\* No direct transaction costs were incurred in these transactions.

## Notes to the financial statements (continued)

for the year ended 31 May 2024

### 14. Transaction costs (continued)

#### a Direct transaction costs (continued)

	Sales before transaction costs	Commission		Taxes		Sales after transaction costs
	£	£	%	£	%	£
2024						
Equities	4,205,650	(1,513)	0.04%	(5)	0.00%	4,204,132
Closed-Ended Funds	1,013,269	(411)	0.04%	(9)	0.00%	1,012,849
Collective Investment Schemes	400,380	(80)	0.02%	-	-	400,300
Exchange Traded Commodities	231,916	(46)	0.02%	-	-	231,870
Total	5,851,215	(2,050)	0.12%	(14)	0.00%	5,849,151

	Sales before transaction costs	Commission		Taxes		Sales after transaction costs
	£	£	%	£	%	£
2023						
Equities	6,065,180	(2,645)	0.04%	(16)	0.00%	6,062,519
Closed-Ended Funds	474,946	(237)	0.05%	(3)	0.00%	474,706
Bonds*	149,357	-	-	-	-	149,357
Collective Investment Schemes	542,836	(109)	0.02%	-	-	542,727
Total	7,232,319	(2,991)	0.11%	(19)	0.00%	7,229,309

Capital events amount of £103,500 (2023: £94,000) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

#### Summary of direct transaction costs

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
Commission	4,995	0.02%
Taxes	15,776	0.06%

2023	£	% of average net asset value
Commission	6,148	0.03%
Taxes	17,467	0.07%

#### b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.31% (2023: 0.29%).

\* No direct transaction costs were incurred in these transactions.



## Notes to the financial statements (continued)

for the year ended 31 May 2024

### 15. Risk management policies

In pursuing the sub-fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the sub-fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

#### a Market risk

Market risk is the risk that the value of the sub-fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

#### (i) Other price risk

The sub-fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are equities, collective investment schemes, closed-ended funds and exchange traded commodities.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the sub-fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the sub-fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 31 May 2024, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the sub-fund would increase or decrease by approximately £1,413,839 (2023: £1,189,001).

#### (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts may be used to manage the portfolio exposure to currency movements.

The foreign currency risk profile of the sub-fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2024	£	£	£
Canadian dollar	534,932	-	534,932
Danish krone	795,629	1,386	797,015
Euro	472,504	9,412	481,916
US dollar	6,816,099	29,614	6,845,713
Total foreign currency exposure	8,619,164	40,412	8,659,576

## Notes to the financial statements (continued)

for the year ended 31 May 2024

### 15. Risk management policies (continued)

#### a Market risk (continued)

#### (ii) Currency risk (continued)

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2023	£	£	£
Canadian dollar	544,192	-	544,192
Danish krone	485,129	424	485,553
Euro	876,469	8,346	884,815
Norwegian krone	-	1,602	1,602
Swiss franc	254,369	-	254,369
US dollar	4,203,597	(139,234)	4,064,363
Total foreign currency exposure	<u>6,363,756</u>	<u>(128,862)</u>	<u>6,234,894</u>

At 31 May 2024, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the sub-fund would increase or decrease by approximately £432,979 (2023: £311,745).

#### (iii) Interest rate risk

Interest rate risk is the risk that the value of the sub-fund's investments will fluctuate as a result of interest rate changes.

During the year the sub-fund's direct exposure to interest rates consisted of cash and bank balances. The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally. In the event of a change in interest rates, there would be no material impact upon the net assets of the sub-fund.

The sub-fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

There is no exposure to interest bearing securities at the balance sheet date.

#### b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk.

The Depositary has appointed the custodian to provide custody services for the assets of the sub-fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the sub-fund. The sub-fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

The sub-fund holds cash and cash deposits with financial institutions which potentially exposes the sub-fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the sub-fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

## Notes to the financial statements (continued)

for the year ended 31 May 2024

### 15. Risk management policies (continued)

#### c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the sub-fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The sub-fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the sub-fund may not be able to immediately sell such securities.

To reduce liquidity risk the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the sub-fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the sub-fund.

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the sub-fund to meet large redemptions, while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

#### d Fair value of financial assets and financial liabilities

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

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the sub-fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2024	2024
	£	£
Quoted prices	28,276,780	-
Observable market data	-	-
Unobservable data*	-	-
	<u>28,276,780</u>	<u>-</u>

\*The following securities are valued in the portfolio of investments using valuation techniques:

2024: *Ediston Property Investment*, *Gabelli Value Plus + Trust* and *Jupiter Emerging & Frontier Income Trust* have been valued at nil by the Fair Value Pricing Committee as the securities are in liquidation.

## Notes to the financial statements (continued)

for the year ended 31 May 2024

### 15. Risk management policies (continued)

#### d Fair value of financial assets and financial liabilities (continued)

	Investment assets	Investment liabilities
Basis of valuation	2023	2023
	£	£
Quoted prices	23,780,029	-
Observable market data	-	-
Unobservable data*	-	-
	<u>23,780,029</u>	<u>-</u>

\*The following securities were valued in the portfolio of investments using valuation techniques:

2023: *Gabelli Value Plus + Trust* and *Jupiter Emerging & Frontier Income Trust* were valued at nil by the Fair Value Pricing Committee as the securities were in liquidation.

#### Unobservable data

Unobservable data has been used only where relevant observable market data is not available. Where there was no reputable price source for an investment, the ACD has assessed information available from internal and external sources in order to arrive at an estimated fair value. The fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. The ACD of the Fund also makes judgements and estimates based on their knowledge of recent investment performance, historical experience and other the assumptions used are under continuous review by the ACD with particular attention paid to the carrying value of the investments.

#### e Assets subject to special arrangements arising from their illiquid nature

The following assets held in the portfolio of investments are subject to special arrangements arising from their illiquid nature:

	2024	2023
	% of the total net asset value	% of the total net asset value
Ediston Property Investment**	0.00%	n/a
Gabelli Value Plus + Trust	0.00%	0.00%
Jupiter Emerging & Frontier Income Trust	0.00%	0.00%
Total	<u>0.00%</u>	<u>0.00%</u>

#### f Derivatives

The sub-fund may employ derivatives with the aim of reducing the sub-fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the sub-fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the commitment approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the sub-fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the sub-fund at any given time and may not exceed 100% of the net asset value of the property of the sub-fund.

\*\* Ediston Property Investment was a liquid asset in 2023.

## Notes to the financial statements (continued)

for the year ended 31 May 2024

### 15. Risk management policies (continued)

#### f Derivatives (continued)

For certain derivative transactions cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

#### (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the sub-fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition the sub-fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The sub-fund may transact in derivative contracts which potentially exposes the sub-fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

#### (ii) Leverage

The leverage is calculated as the exposure generated through the use of derivatives (calculated in accordance with the commitment approach) divided by the net asset value.

There have been no leveraging arrangements in the year.

#### (iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date there is no global exposure to derivatives.

There have been no collateral arrangements in the year.

## Distribution table

for the year ended 31 May 2024

Final distributions in pence per share

Group 1 - Shares purchased before 1 June 2023

Group 2 - Shares purchased 1 June 2023 to 31 May 2024

	Net revenue	Equalisation	Total distribution 30 September 2024	Total distribution 30 September 2023
Accumulation				
Group 1	3.973	-	3.973	5.269
Group 2	3.973	-	3.973	5.269

## Accumulation distribution

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

## Remuneration

### Remuneration code disclosure

The remuneration committee is responsible for setting the remuneration policy for all partners, directors and employees within Evelyn Partners Group Limited ('the Group'), including individuals designated as Material Risk Takers (MRTs) under the Remuneration Code. The remuneration policy is designed to be compliant with the Code and provides a framework to attract, retain, motivate and reward partners, directors and employees. The overall policy is designed to promote the long-term success of the group and to support prudent risk management, with particular attention to conduct risk.

### Remuneration committee

The remuneration committee report contained in the Group Report and Financial Statements for the year ended 31 December 2023 includes details on the remuneration policy. The remuneration committee comprises five non-executive directors<sup>1</sup> and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met eight times during 2023.

### Remuneration policy

The main principles of the remuneration policy are:

- to align remuneration with the strategy and performance of the business;
- to ensure that remuneration is set at an appropriate and competitive level taking into account market rates and practices;
- to foster and support conduct and behaviours which are in line with our culture and values;
- to maintain a sound risk management framework;
- to ensure that the ratio between fixed and variable remuneration is appropriate and does not encourage excessive risk taking;
- to comply with all relevant regulatory requirements; and
- to align incentive plans with the business strategy and shareholder interests.

The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy. As part of a "balanced scorecard" approach to variable remuneration non-financial criteria including, but not limited to, compliance and risk issues, client management, supervision, leadership and teamwork are considered alongside financial performance.

### Remuneration systems

The committee reviews all partners' and directors' fixed and variable remuneration. In addition, it approves hurdles and awards in respect of equity incentive plans, namely a Deferred Option Plan, Equity Matching Plan, Matching Share Plan, Executive Long Term Incentive Plan and an Investment Management Long Term Incentive Plan.

The remuneration of partners is made up of a fixed profit share, discretionary bonus profit share and non-discretionary bonus profit share. The remuneration of employees typically comprises of a salary with benefits including pension contribution, life assurance, permanent health insurance, private medical insurance, SAYE scheme and a discretionary bonus scheme. Partners, directors and associate directors are also eligible to participate, at the invitation of the committee, in the equity incentive plans described above.

When setting variable remuneration for the executive directors, the committee considers overall business profit for the group and divisions, achievement of both financial and non-financial objectives (including adherence to the principles of treating customers fairly, conduct risk, compliance and regulatory rules), personal performance and any other relevant policy of the board in respect of the year ended 31 December 2023. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

<sup>1</sup> Please note that the data provided for the independent non-executive directors is as at 31 December 2023. The data provided is for independent non-executive directors only.

## Remuneration (continued)

### Aggregate quantitative information

The total amount of remuneration paid by Evelyn Partners Fund Solutions Limited ('EPFL') is nil as EPFL has no employees. However, a number of employees have remuneration costs recharged to EPFL and the annualised remuneration for these 72 employees is £3.51 million of which £3.23 million is fixed remuneration. This is based on the salary and benefits for those identified as working in EPFL as at 31 December 2023. Any variable remuneration is awarded for the year ended 31 December 2023. This information excludes any senior management or other Material Risk Takers (MRTs) whose remuneration information is detailed below.

Evelyn Partners Group Limited reviews its MRTs at least annually. These individuals are employed by and provide services to other companies in the Group. It is difficult to apportion remuneration for these individuals in respect of their duties to EPFL. For this reason, the aggregate total remuneration awarded for the year 31 December 2023 for senior management and other MRTs detailed below has not been apportioned.

Table to show the aggregate remuneration split by Senior Management and other MRTs for EPFL		For the period 1 January 2023 to 31 December 2023			
	Fixed	Variable Cash	Variable Equity	Total	No. MRTs
	£'000	£'000	£'000	£'000	
Senior Management	3,518	1,662	-	5,180	18
Other MRTs	919	848	-	1,767	5
Total	4,437	2,510	-	6,947	23

### Investment Manager

The ACD delegates the management of the Company's portfolio of assets to Close Asset Management Limited and pays to the Investment Manager, out of the annual management charge, a monthly fee calculated on the total value of the portfolio of investments at the month end. The Investment Manager is compliant with the Capital Requirements Directive regarding remuneration and therefore their staff are covered by remuneration regulatory requirements.



## Further information

### Distributions and reporting dates

Where net revenue is available it will be allocated annually on 30 September. In the event of a distribution, shareholders will receive a tax voucher.

XD dates:	1 June	final
Reporting dates:	31 May	annual
	30 November	interim

### Buying and selling shares

The property of the sub-fund is valued at 12 noon on the 14th day of each month (or, if such day is not a business day, on the next business day) and on the last business day of the month, with the exception of any bank holiday in England and Wales or the last business day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary, and prices of shares are calculated as at that time. Share dealing is on a forward basis meaning investors can buy and sell shares at the next valuation point following receipt of the order.

Prices of shares and the estimated yield of the sub-fund are published on the following website: [www.trustnet.com](http://www.trustnet.com) or may be obtained by calling 0141 222 1151.

### Benchmark

Shareholders may also compare the performance of the sub-fund against the ARC Sterling Equity Risk PCI. Comparison of the sub-fund's performance against this benchmark will give shareholders an indication of how the sub-fund is performing against an index based on the real performance numbers delivered to discretionary private clients by participating Investment Managers.

The benchmark is not a target for the sub-fund, nor is the sub-fund constrained by the benchmark.

## Appointments

### ACD and Registered office

Evelyn Partners Fund Solutions Limited

45 Gresham Street

London EC2V 7BG

Telephone: 0207 131 4000

Authorised and regulated by the Financial Conduct Authority

### Administrator and Registrar

Evelyn Partners Fund Solutions Limited

177 Bothwell Street

Glasgow G2 7ER

Telephone: 0141 222 1151 (Registration)

0141 222 1150 (Dealing)

Authorised and regulated by the Financial Conduct Authority

### Directors of the ACD

Andrew Baddeley

Brian McLean

Mayank Prakash

Neil Coxhead

### Independent Non-Executive Directors of the ACD

Dean Buckley

Linda Robinson

Victoria Muir

Sally Macdonald

### Non-Executive Directors of the ACD

Paul Wyse - resigned 11 July 2023

Guy Swarbreck - appointed 21 August 2023

### Investment Manager

Close Asset Management Limited

10 Crown Place

London EC2A 4FT

Authorised and regulated by the Financial Conduct Authority

### Depositary

NatWest Trustee and Depositary Services Limited

House A, Floor 0

Gogarburn

175 Glasgow Road

Edinburgh EH12 1HQ

Authorised and regulated by the Financial Conduct Authority

### Auditor

Johnston Carmichael LLP

Bishop's Court

29 Albyn Place

Aberdeen AB10 1YL